Austria ... Sch. 18	Indonesia .. Rp 2500	Portugal ... Esc 80
Bahrain .. Din 0.650	Italy .... L 1300	S. Arabia .. Rs 6.00
Belgium ... BFr 42	Japan Y550	Singapore . S$ 4.10
Canada ... C$1.00	Jordan ... Fils 500	Spain .... Pta 110
Cyprus ... C£0 60	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark .. DKr 7.25	Lebanon .. £L 8.00	Sweden .. SKr 6.50
Egypt ..... E£1.00	Luxembourg . LFr 42	Switzerland SFr 2.20
Finland .. Fmk 8.00	Malaysia .. Rm 4.25	Taiwan ... NT $85
France .. FFr 8.00	Mexico .. Pes. 300	Tunisia .. Din 0.650
Germany . DM 2.20	Morocco .. Dh 6.00	Turkey .... L 710
Greece ..... Dr 70	Netherlands . Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. NKr. 6.00	U.S.A. $1.00
India .... Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,774 — Friday November 8 1985 — D 8523 B

Eureka: on the road but destination unknown, Page 18

World news

Arafat condemns spread of violence

Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, renounced violence outside of territory "occupied" by Israel and vowed to punish those who engage in it.

However, he did not say the PLO would abandon the armed struggle within Israeli-occupied lands: "In this respect, the organisation upholds the right of the Palestinian people to struggle against the Israeli occupation with every possible means, with the aim of achieving withdrawal."

Mr Arafat, speaking at a news conference attended by President Hosni Mubarak of Egypt, said he was repeating a decision made in 1974 to condemn operations outside the occupied territories. Page 20

Chile deaths

Four people were killed and 12 others injured by gunfire in the second day of protests organised by Chilean opposition groups. Nearly 600 have been arrested. Page 5

Rebels hold out

Colombian guerrillas holding 30 hostages, including 10 judges, in the supreme court in Bogota have resisted army attacks.

Bangladesh strike

Security forces killed one person and wounded 30 others when they opened fire on striking workers who refused to leave Bangladesh's biggest jute mill.

500,000 end strike

Half a million striking chemical, plastics, retail, metals and bakery workers ended a two-day strike in Greater São Paulo after halting work at about 12,000 companies. Page 5

Marcos [illegible]

President Ferdinand Marcos ordered Philippine troops to be confined to barracks for five days before the presidential election on January 17.

Polish change

Polish Prime Minister Zbigniew Messner's new Government is unlikely to abolish the post of a minister for economic reform, but the Government remains committed to continue reforms first begun four years ago. Page 3

Bhopal 'sabotage'

A top Union Carbide executive said a gas leak at the company's plant in Bhopal, India, which killed 2,500 people last December, was almost certainly caused deliberately.

JAL jet strays

A Japan Air Lines pilot, who said he forgot to flip a switch, sent a jumbo jet with 132 people aboard drifting toward Soviet airspace where a Korean airliner was shot down two years ago.

Tamil rebels kill 16

Tamil guerrillas killed at least 16 civilians and wounded one soldier in the Trincomalee district of Sri Lanka.

Missionaries freed

An American missionary couple and a pilot were released by Colombian guerrillas after more than a month in captivity.

Airline chief shot

Uganda Airline chairman Dennis Ecwou was killed by unidentified gunmen in the suburbs of Kampala.

Sikhs raided

Vancouver police raided homes of several Sikhs in a search for evidence in connection with the crash of an Air India jet off the coast of Ireland in June.

Business summary

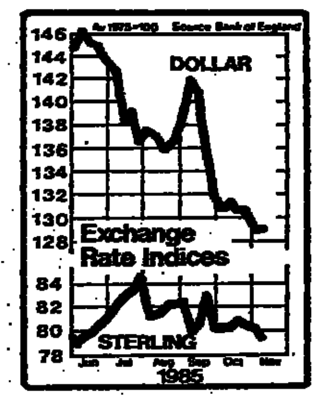
Pirelli in finance link with Benedetti

PIRELLI, Italy's leading tyre and cables group, is forging an alliance through a shareholding swap with Mr Carlo de Benedetti, the financier who is also chairman of Olivetti. Page 20

WALL STREET: The Dow Jones industrial average closed up down 3.9 at 1,399.54. Page 46

TOKYO: stocks moved lower as the yen's rise against the dollar drove investors to the sidelines. Page 46

LONDON: A late rally in gilts stemmed losses. The FT Ordinary share index lost 7.8 to 1,073.5 while the FT-SE 100 shed 10.2 to 1,384.8. Page 46



DOLLAR recovered in late London trading to close at DM 2.6265 (DM 2.599), SFr 2.159 (SFr 2.14), FFr 7.9975 (FFr 7.92) and Y205.6 (Y205.25). On Bank of England figures, the dollar's exchange rate index was unchanged at 129.1. Page 39

STERLING lost 1.8 cents in London to finish at $1.4185. It was also lower at DM 3.725 (DM 3.7325), FFr 11.345 (FFr 11.3775), SFr 3.0625 (SFr 3.075) and Y291.5 (Y295.0). The pound's exchange rate index fell to 79.3 from 80.0. Page 39

GOLD fell $2.00 an ounce on the London bullion market to $322.75 and lost $1.00 in Zurich to $323.50. In New York the December Comex settlement was $323.10. Page 38

ITALY cut its official discount rate by one half a percentage point to 15 per cent effective today.

CHINA's national airline (CAAC) and other state companies failed to declare $1bn in taxable income since 1983, the Peking Economic Daily reported.

MEXICO's nine-month trade surplus was down 42.5 per cent after oil and manufactured exports fell and private sector imports rose. Page 5

THE BRITISH Cabinet confirmed that public expenditure would be held broadly level in real, inflation adjusted terms for the next three years.

ELLERMAN LINES, the container shipping company, said talks on a management buy-out are at an advanced stage.

TOTAL, French oil group, increased its first-half earnings to FFr 1.3bn ($162m) this year from FFr 1.2bn in 1984 but said its refining and retailing divisions remained in the red. Page 21

CREDITANSTALT Bankverein, Austria's largest bank, is making its second Sch 300m ($16.6m) rights issue this year as part of a long-term plan to increase its share capital to meet planned new Finance Ministry rules. Page 21

LOEWS, US conglomerate which has divested its theatre interests, had an 84 per cent rise in third-quarter income, mostly due to sharp recovery in insurance subsidiaries. Page 21

THOMSON, nationalised French electronics and defence group, wants European partners to help fund a development of an innovative microprocessor. Page 21

KLM, ROYAL DUTCH AIRLINES, said earnings in the usually strong summer holiday period dropped 18 per cent to Fl. 188.6m ($64.4m). Page 21

Boeing wins $3bn order for 116 jets from United

BY TERRY DODSWORTH IN NEW YORK AND MICHAEL DONNE IN LONDON

UNITED AIRLINES of the US, the Western world's biggest airline, has placed one of the largest airliner orders in history, for up to 110 Boeing 737-300 twin-engined, short-to-medium range jet aircraft and up to six Boeing 747 long-range jets, worth "in excess of $3bn."

This deal, the biggest in United's own history, compares with that placed some time ago by its rival, American Airlines, for up to 167 McDonnell Douglas MD-80 twin-engined, short-to-medium-range jets, worth more than $3.5bn.

It compares with other big jet deals in recent months, such as that for 28 Airbuses from Pan Am, worth over $1.1bn, and the recent Northwest Airlines deal for 10 747-400 jets and 10 Boeing 757s, worth about $2bn.

According to the most recent ranking of airlines by the International Air Transport Association, United is top of the world league with more than 41.3m passengers a year, closely followed by Eastern of the US with over 38m and American Airlines with over 34m.

The jets deal was announced in Chicago yesterday, on the same day that the US Department of Transportation gave the airline approval to go ahead with its proposed $750m takeover of the entire Pacific route network of Pan American airways, including staff and aircraft.

The only remaining obstacle to such a routes transfer (which was opposed by Northwest Airlines), would be a presidential veto, but this is not believed to pose any serious challenge.

Mrs Elizabeth Dole, Secretary for Transportation, has argued that United would confront a more competitive market on the Pacific once the routes transfer was effective.

United said that it would introduce its own services over all the Pan Am Pacific routes as quickly as possible. Mr Richard Ferris, chairman, said he expected to receive landing rights from Japan, despite suggestions that there might be difficulties in this area.

"The Department of Transportation's decision further supports the Government's long-range international aviation policy of encouraging competition among US flag carriers," United said.

Commenting on the big jets deal, the airline said that the order had been signed in accordance with United's policy of expansion once it had reached "cost competitive" contracts with its work-force.

"We are now positioned properly for dramatic growth in the competitive market-place," said United, which earlier this year sat out a pilots' strike over pay.

United needs the new 737-300s to replace its existing fleet of three-engined Boeing 727-100s and 727-200s, of which it has a total of more than 150, many of which are now ageing. They will be used on US internal air routes.

The airline has been studying the merits of three rival aircraft – the 737-300, the McDonnell Douglas MD-80 series and the European Airbus A-320.

Some time ago, however, it became clear that United's preference was for one or another of the two US-built airliners as being more compatible with its existing fleet which is comprised entirely of Boeing and McDonnell Douglas jets of various types.

The aircraft now ordered will be delivered from 1988, continuing into the early 1990s.

The United deal brings total orders for the 737-300 to 411 aircraft,

Continued on Page 20

ITC creditors move to protect their interests

BY STEFAN WAGSTYL AND DAVID LASCELLES IN LONDON

THE 16 creditors banks of the International Tin Council, which are together owed over £300m ($425m) last night formed a group to protect their interests in the tin crisis.

The move came after the Tin Council, meeting in emergency session in London, failed to make any progress yesterday and adjourned for a week, urging its bankers and metal traders to come up with constructive proposals.

The banks are to hold their first meeting this afternoon under the chairmanship of Mr Peter Graham, senior deputy chairman of the Standard Chartered Bank.

The move demonstrates the mounting determination of the banks to appear a credible force in their dealings with the ITC and presages a possible confrontation between the banks and the tin council's 22 member-countries.

Meanwhile, in a move smacking of desperation, the London Metal Exchange appealed directly to Mrs Margaret Thatcher, the British Prime Minister, for her "personal intervention" in the affair in which some £600m of metal traders' money is at stake. The British Government has so far given no sign of being willing to put up public money to rescue the market.

The crisis blew up more than two weeks ago when tin trading was suspended on the LME because prices threatened to collapse after an announcement by the Tin Council that it had run out of money, with huge debts to its bankers and the metal trade.

The council, which runs a price pact between consumer and producer countries, has for many years tried to support tin prices by buying metal on the market.

The Tin Council's member-governments now have until next Thursday to think things over. Mr Leon Brittan, UK Trade and Industry Secretary, last night renewed his appeal to members to honour the council's debts.

But this week's council meetings showed that there is as yet no agreement on this issue. Delegates yesterday agreed only to "note" this proposal and "study it closely", just as it "noted" an appeal for action from the LME.

Britain has so far failed to win the support of even its closest allies in the EEC. Meanwhile, the leading tin producing countries, Malaysia, Thailand, and Indonesia, are working on a "comprehensive package" of their own. This is understood to include not only proposals on meeting the council's debts but also plans for refinancing the council in future. A Thai delegate said yesterday: "I don't think you can deal with just the debt."

The producers want to see the council defend tin prices in future, albeit at levels below the £8,140 a

Continued on Page 20

Cable & Wireless rights issue to speed development

BY JASON CRISP IN LONDON

CABLE & WIRELESS is to raise approximately £300m ($425.6) through a rights issue which coincides with the sale of the British Government's remaining 22.7 per cent stake in the company. The total offer, expected in early December, is likely to be worth about £900m, the second largest ever in Britain.

Part of the money raised by the rights issue will be used to accelerate investment in Mercury, the new UK telephone network which competes with British Telecom (BT).

Following last month's favourable ruling by the Office of Telecommunications on the interconnection of the two rival networks, Mercury's capital investment is to be increased by nearly 50 per cent to £300m.

As a result, it will bring forward the moment when it builds links to Scotland and Wales, probably next year. Also under consideration is increased investment in its London local network

The rights issue will enable Cable & Wireless to repay all its borrowings, and leave it with a small cash surplus of £25m to £50m at the end of the year. The company said it needs the rights money for a number of other major capital projects, including submarine cables in the Far East, a proposed transatlantic fibre optic telephone cable and its continued development in the US.

The UK Government can expect to raise more money through the sale of its remaining 22.7 per cent than the rest of the equity for which it received almost £500m in two tranches. It first sold shares in Cable & Wireless in 1981 at a price equivalent to 112p. Yesterday its shares closed at 613p, up 13p on the announcement – which had been widely expected.

A press and television advertising campaign costing about £3m is to be used to stimulate interest in the shares from the general investing public.

The company and its advisers do not, however, anticipate such a wide interest in the offer as there was for BT last year. Kleinwort Benson, which advised the Government on the sale of BT shares, is advising Cable & Wireless. Schroders is advising the Government.

About 2.5 per cent of the enlarged equity is to be placed in Canada and Japan. This represents the Government's entitlement to the rights issue which it is not taking up.

The government will retain its Special Rights Preference Share – the so-called golden share – which gives it certain rights, mainly enabling it to prevent a takeover of the company. There is also a 15 per cent limit on anyone's holding in the company.

News analysis, Page 26

Steinberg buys 10% of UK merchant bank

By David Lascelles, Banking Correspondent

MR SAUL STEINBERG, head of the privately-owned Reliance Group of the US, revealed last night that he had acquired 10 per cent of the stock of Mercury Securities, the parent company of S. G. Warburg, one of the City of London's leading merchant banks.

His announcement, conveyed in a letter from his US lawyers to Mercury's management, followed a day of hectic London trading in Mercury shares which soared 35p to close at 700p, a new peak. The stock had already gained about 70p this week on rumours of a possible takeover.

Lord Garmoyle, Mercury's vice chairman, said in response to the news: "We have a number of substantial shareholders in the group and it is not our policy to comment on any one or other."

According to the Reliance letter, the shares were bought by insurance companies within the group. But there was no indication of Reliance's motives in acquiring the stock. Mercury is expected to contact Mr Steinberg to seek clarification of his intentions. The group's other shareholders include the Norwich Union and Paribas, the French bank, who both own about 6 per cent.

Although the news confirmed reports circulating in the London stock market for some days, there were serious doubts in the City of London last night that Mr Steinberg intended to mount a fully-fledged takeover bid for Mercury, which at last night's price would cost him more than £300m ($429m).

He is known for making spectacular, although not always successful, corporate raids. He is best remembered for his involvement 16 years ago with Chemical Bank, which brought him close to making a bid. In the UK, people also recall his ill-fated attempt to buy Mr Robert Maxwell's Pergamon Press in the early 1970s.

Some analysts speculated last night that Mr Steinberg had built up his stake in anticipation of a bid for the Mercury group from another quarter.

Mercury's appeal lies in its front-line position in the City of London revolution where it is putting together one of the largest of the new banking-securities groups by merging with Akroyd & Smithers, the jobbing firm, and Rowe & Pitman and Mullens, two stockbrokers. Although these mergers are not complete, they are bound by irrevocable agreements.

The group would give an outsider a ready-made entree into the new

Continued on Page 20

Fed 'remains concerned' over $ fall

BY STEWART FLEMING IN WASHINGTON

MR STEPHEN AXILROD, the US Federal Reserve Board's domestic monetary policy official, said yesterday the central bank remained concerned that a sharp fall in the dollar could "seriously jeopardise" the progress made against inflation and raise new questions about interest rates.

He also stressed that intervention in the foreign exchange markets and exchange rate changes were "no substitute for sound, underlying (economic) policies."

In his formal testimony to the House sub-committee on domestic monetary policy, Mr Axilrod provided no new background to the unexpected decision by the Fed chairman, Mr Paul Volcker, to announce on Wednesday night in a letter to the committee's chairman, that the Fed was abandoning its target for the narrow M1 measure of the money supply for the second time this year.

Mr Volcker's comments, as is so often the case, seem to have sown more confusion than enlightenment on Wall Street. They have been taken in the financial markets to mean the Fed will not push interest rates sharply higher in response to the excessive growth of M1.

However, they have also dampened expectations that an imminent easing in monetary policy is at hand, according to Mr Len Santow, an economics consultant in New York with Griggs and Santow.

In his testimony yesterday, Mr Axilrod said the Fed "will offset by sales (or fewer purchases) of government securities," the expansive effects of intervention which go beyond the monetary objectives set every six weeks by the Fed's policy-making Open Market Committee

Mr Volcker's statement was widely interpreted as indicating that the central bank is not on the verge of easing monetary policy. As a result, bond prices, which had been rallying in the hope of a move by the Fed to lower interest rates, fell back yesterday.

Indeed, some dealers, focusing on Mr Volcker's comment that the Fed has decided not to tighten monetary policy "aggressively" because of M1 growth, suggested that the central bank had left itself scope for some not-so-aggressive steps.

In view of the weakness of the economy and the concerns about protectionist pressures on Capitol Hill, the Fed is clearly now under pressure from the Administration to intervene more aggressively to drive the dollar down. By discounting M1, which it could have used as an argument for a more conservative monetary policy, it has made itself more vulnerable to that pressure.

It is vital for the central bank to avoid creating the impression that it will simply cave in to political pressures to get the dollar down by inflating the money supply by intervention.

Editorial comment, Page 18

Shell's profits hit by decline in dollar

BY MAX WILKINSON, RESOURCES EDITOR, IN LONDON

THE Royal Dutch/Shell group has turned in sharply lower profits in the third quarter compared with last year, mainly because of the fall in the value of the dollar during the period.

The group yesterday announced profits of £439m ($622.7m) on a third-quarter turnover of £16.95bn. This represented an 8 per cent fall in sales in sterling terms and a 55 per cent fall in earnings compared with the same quarter last year.

Profits were significantly worse than the City of London had been expecting, and Shell shares fell by 25p to £6.57 before recovering later to £6.70.

The group's third-quarter earnings were depressed by a number of special items relating to write-downs on plant and tanker operations and a special payment to staff. These items were said by the company to amount to about £200m.

The fall in the value of the dollar had a large effect on the sterling value of the group's cash holdings, with exchange losses in the third quarter estimated at £140m compared with gains of £31m a year ago.

The weakness of the dollar relative to its very high level last autumn reduced the value of all the group's North American and North Sea earnings.

The recovery of the share price in later trading in London seemed to reflect a more considered judgment

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EUROPEAN COURT FINDS COMMISSION AT FAULT

Adams wins final round of 12-year battle

BY RAYMOND HUGHES IN LUXEMBOURG

MR STANLEY ADAMS who was jailed in Switzerland after reporting to the European Commission breaches of EEC fair trading laws by the Swiss drugs giant Hoffman-La Roche, has won his damages claim against the Commission.

The European Court of Justice in Luxembourg ruled yesterday that the Commission must compensate Mr Adams because it failed to warn him that he risked prosecution for economic espionage if he returned to Switzerland after leaking confidential Roche documents to the Commission.

The court held, however, that Mr Adams was entitled to compensation for only half the damage he suffered because he had contributed to it through his own negligence.

Afterwards, Mr Adams said he expected to receive about £500,000 as a result of the court's ruling. The precise amount remains to be agreed in negotiations between the Commission and Mr Adams and his lawyers.

The court held that:

- The Commission owed a duty to its informants to keep their identities secret.
- It breached that duty to Mr Adams by handing over to Roche photocopies of Roche documents it had been given by Mr Adams from which the company was able to identify him as the informant.
- The Commission was liable to pay damages because it failed to warn Mr Adams of the risk he ran if he returned to Switzerland.

Mr Adams yesterday: he may now sue Roche

Mr Adams, however, contributed to his problems in three ways, the court said:

- He knew he might be identified from the documents but failed to tell the Commission.
- He did not ask the Comission to keep him informed of the progress of its investigation and the use being made of the documents.
- He returned to Switzerland knowing that he had exposed himself to possible prosecution.

Mr Adams himself said yesterday that the court's decision had vindicated him. He hoped people in other multinationals would follow his example and report illegality to the Commission. In suing the Commission he had wanted to establish that when bureaucracy made a mistake it should pay for it.

He would consult his lawyers about the possibility of suing Roche now that he had the money to take such action.

The affair, which has been likened to the Dreyfus Case, began in 1973 when Mr Adams, a £32,000-a-year manager at Roche's Basle headquarters, told the Commission's competition department how Roche was breaching Community fair trading laws in its worldwide business as a producer of vitamins sold in bulk to pharmaceutical, food and animal feed companies.

His information gave details of price-fixing agreements by a cartel including Roche and six other multinational drug companies.

Mr Adams's "whistle blowing" resulted in the Commission fining Roche DM 1m in 1976 for infringing Article 86 of the Treaty of Rome, which bans unfair trading practices. Roche's appeal was rejected by the European Court three years later, though the court reduced the fine by a third.

In the meantime, Mr Adams's world collapsed. After resigning from Roche in late 1973, he was arrested and spent three months in custody in Switzerland the following year facing a charge of economic espionage. He escaped to Italy after being released on bail.

While he was in prison his wife committed suicide, having been told that he would be sentenced to 20 years' imprisonment.

In 1976 he was tried in his absence by a Swiss court and sentenced to 12 months' imprisonment, suspended for three years, and banished from Switzerland for five years. The Swiss Federal Appeal Court rejected his appeal in 1978.

Now living in England, he is in demand as a lecturer on business ethics.

Ivo Dawnay adds from Brussels: The European Commission yesterday greeted the outcome of the case with as good grace as was possible in the light of the findings. Mr Peter Sutherland, the competition commissioner, declined to comment on the verdict, but there was clear relief among officials that the long drawn-out stream of bad publicity emanating from the action would now come to an end.

A joint meeting between lawyers representing Mr Adams and the commission is expected to be held shortly to assess the exact damages to be paid.

Mitterrand and Kohl hold talks

President Francois Mitterrand of France and Chancellor Helmut Kohl of West Germany plan to discuss ways of developing a broad range of European co-operation projects during talks which started in Bonn yesterday—Reuter reports from Bonn.

German officials said the two leaders would focus on plans for high-speed train links between their countries, future Airbus Industrie airliner projects and the French-led Ariane space programme.

Closer technical co-ordination between European Community states would be the central theme at the two-day meeting, but Mr Kohl and Mr Mitterrand would also discuss East-West relations in the run-up to this month's U.S.-Soviet Union summit in Geneva.

Mr Mitterrand was accompanied in Bonn by Prime Minister Laurent Fabius and six leading ministers.

The German official, said Mr Kohl hoped the talks would produce general agreement on how fast the main technical programmes should advance and how they should be paid for.

"We want to tie up a general package in which above all the financial aspects are given due attention," one official said.

Bundesbank blows cool on EMS proposal

BY JONATHAN CARR IN FRANKFURT

WEST GERMAN authorities have reacted to the latest Brussels scheme to develop the European Monetary System (EMS) rather as they would if tossed an unexploded bomb. They are now gingerly tiptoeing round the unwanted object, considering how best to defuse it.

On the face of it that may seem odd because Mr Jacques Delors, president of the European Commission, does not appear to have suggested anything very dramatic. His key proposal to finance ministers of the Ten last month was that the EMS—now nearly seven years old—should at last be formally incorporated in the Treaty of Rome, under which the Community was set up in 1958.

The amended Treaty would state, among other things, that the European currency unit, the Ecu, "is the foundation of the system"; that a member of the Commission would sit on the board of the European Fund for Monetary Co-operation (at present made up of representatives of the ten central banks); and that the eventual aim is to set up a European Monetary Fund with "full institutional autonomy."

None of that seems to go far beyond what the member states agreed as long ago as December, 1978, when the decision was taken to set up the EMS; indeed keen European integrationists may be inclined to criticise the Delors plan as over-cautious. What, then, are the Germans worried about?

In a nutshell, hey feel the Commission (egged on by several member states) is putting the cart before the horse—and, what is more, they do not like the look of the cart anyway. What is the point, it is asked, of proposing further institutional development of the EMS when several "basic conditions" for monetary integration have still not been fulfilled?

The first condition, in the West German view, is that there must be greater convergence in the economic performances of the member states— otherwise the system will be condemned to repeated currency realignment. This is quite an old arguments, indeed it was being used by opponents of the EMS inside and outside West Germany even before the system was established. But it remains top of the German list.

West German monetary officials agree that progress has been made on the economic front by the member states in the past year or two, but they insist this has not gone far enough. If asked bluntly whether they are waiting for the Italian or French inflation levels to join the West German figure at less than 2 per cent, they tend to smile wanly and disclaim any such expectation. The "convergence" argument thus lacks an element of clarity.

The second condition is that other member states, notably France and Italy, must abolish capital controls which, it is argued, are against the spirit of the EMS and the letter of the Rome Treaty. Representatives of the Bundesbank, the (highly) independent central bank in Frankfurt, particularly underline this point when accused of hostility to the Ecu.

True, the Bundesbankers say, they do not permit establishment of Ecu-denominated bank accounts in West Germany (on grounds that Ecu liabilities imply a form of indexation and could be inflationary.) But they stress that freedom of capital exists in West Germany in virtually all other respects (and drop heavy hints that even the Ecu restriction would probably be dropped too if other states removed their more thoroughgoing controls).

The third condition is that Britain should become a full member of the EMS, by taking part at last in the system's exchange rate mechanism. The official argument, used by a majority of monetary officials, is that the inclusion of sterling would give the EMS more weight, not least vis-a-vis the US dollar, and would offer another noteworthy currency (the Germans mean in addition to the D-mark) for intervention purposes.

Most officials (there are some exceptions, even on the policy-making central bank council) also feel Britain would have benefited from the discipline of the system, and from being able to carry out a big slice of its trade within an area of more-or-less fixed exchange rates.

Behind these arguments lies another, more delicate, point—namely that some senior monetary officials would like to see the "pragmatic" British fully in the system as a partial counterweight to the French. For all the official praise of the French (which still extends, in principle, to Mr Delors too!), the West Germans tend to distrust a French approach which they feel inclines both to "dirigisme" and to proposing new institutions to help solve practical problems. These officials see Britain as an (at least possible) ally in this respect.

West German officials have amassed quite a lot of evidence which leads them to feel it is now more likely that Britain will join fully in the EMS. But none of it seems to make clear what Mrs Margaret Thatcher's view is—and that, as Chancellor Helmut Kohl said when the growing likelihood of British membership was reported to him, "is what counts."

Even if all these conditions were fulfilled (plus a few relatively minor ones such as Italy giving up its unusually wide fluctuation margin for the lira within the EMS) that does not mean the West Germans would accept Mr Delors' Treaty amendments as they stand. The fear (despite Mr Delors' evidently intensive efforts to allay it) is that even the small steps proposed set a precedent for watering down national competence in monetary affairs, without making clear the composition and powers of the "European Monetary Fund" which is due to emerge eventually.

By anchoring the EMS in the Rome Treaty, the Commission would win the clear right to intervene to help develop the system. Its position would be bolstered by a place on the Monetary Co-operation Fund, the so far somewhat shadowy body through which the central bankers oversee the functioning of the exchange rate mechanism.

This Fund, according to the Delors plan, "will be replaced at the appropriate moment by a European Monetary Fund which will enjoy institutional autonomy."

Mr Delors Putting the cart before the horse in the Bundesbank's opinion

For West German liking, this phrase leaves too many questions unanswered. Will this new institution gradually take over key tasks now performed by national central banks—and if so, who will have the final policy say, bankers (along with the Commission presumably) or politicians?

The reference to autonomy does not comfort the West Germans a lot because they find it hard to imagine that, for example, the French or British governments would relinquish to a European central bank influence they can exercise over their central banks at home.

And anything less than full autonomy would be unacceptable to the Bundesbank, which feels (with some reason) that its independence has been a key factor in the success of the West German battle against inflation.

There is a final point worth making. Had it been up to the Bundesbank (and quite a lot of West German commercial bankers at the time) the EMS would not have been formed at all. But a political head of steam was built up by the then Chancellor Helmut Schmidt and the then French President Valery Giscard d'Estaing which proved impossible to resist. Since then, the Bundesbank has loyally done its best to make the system work.

But now there appears to be no sign of such a drive from Bonn. Indeed, the Finance Minister, Dr Gerhard Stoltenberg, and the Bundesbank president, Mr Karl Otto Poehl, appear virtually unanimous both in their approach to the three "conditions" mentioned and in their caution towards Mr Delors' initiative.

FINANCIAL TIMES

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Poland drops economic reform minister

BY DAVID BUCHAN IN WARSAW

THE POLISH Government of Prime Minister Zbigniew Messner, to be announced in detail next Tuesday, will abolish the post of a minister specifically responsible for economic reform. But officials stress that it will continue to reform the economy, building on what has been achieved in the past four years.

Mr Messner himself is believed to be an economic reformer, partly on the basis that he was vice chairman of the Economic Reform Commission that set the present changes in train.

Mr Wladyslaw Baka, the Economic Reform Minister until the old government resigned this week, is widely tipped for a post in the banking system, itself given more importance by the economic reform.

The progress of Poland's market - oriented reforms, severely hampered by the fact that they were launched in 1982 at a time of acute shortages, will be of considerable interest to the International Monetary Fund, if as now expected Poland eventually joins that body some time next year.

While Poland's bankers and their foreign creditors have focused on what a possible IMF loan might do for the country's dire external finances, economic reformers here hope that the Fund, in any future standby credit adjustment programme, will bolster what they have been trying to achieve in domestic economic policy since 1982.

Professor Zdzislaw Sadowski, the outgoing Deputy Economic Reform Minister, said yesterday that the folding up of the small ministerial unit devoted to economic reform was now possible. This was because the major legislative reforms, including presentation of a draft anti-monopoly law to Parliament this summer, had been set in train.

Drawing up a balance sheet on the 1982-85 reform, Mr Sadowski said significant steps had been taken to reduce the central planners' powers to tell companies what to produce, how much to produce and at what price, *and to increase* enterprises' autonomy.

He conceded that some 30 per cent of total industrial output was subject to government "guidance" under so-called government contracts and operational programmes. But in 1982 the share of output thus regulated was 45 per cent.

Some 100 companies currently have "government contracts" under which they receive preferential "inputs" of foreign exchange, credit and raw materials in return for guaranteeing a certain level of "output." Two sectors, agricultural machinery and pharmaceuticals, are under "operational programmes" which are akin to government contracts, only on a wider scale.

He claimed that these schemes could not be termed direct controls because they were voluntary. In fact, in Poland's shortage economy, some companies had clamoured to get into these schemes.

Reforms in price and wage formation had a more mixed fate. Mr Sadowski said the concept of free market prices was introduced in 1982 but because of shortages, "free" meant "rising" prices, and due to public resistance "we were condemned to a very gradual adjustment."

Demand and supply had been balanced in some sectors, for instance shoes, woollen goods, television sets and some foods (like sugar, now off the ration list for the first time in nine years).

But on the negative side, he said that subsidies, though less significant than before 1980, were still too large, that the machinery to cope with wage pressures from the new trade unions was not satisfactory, and that there were still tendencies by companies to create cartels.

Gorbachev reviews Moscow parade

By Patrick Cockburn in Moscow

MR MIKHAIL GORBACHEV, the Soviet leader, yesterday reviewed his first October Revolution anniversary parade as head of the Soviet Communist Party which seized power 68 years ago.

He watched soldiers, tanks and missiles parade slowly through Red Square beneath the east wall of the Kremlin followed by civilian marchers pushing floats and carrying enormous artificial flowers and multicoloured balloons.

The display of military strength was preceded by a speech by Marshal Sergei Sokolov, the Defence Minister, who said "The Soviet Union will not permit the upsetting of the strategic and military equilibrium between the Soviet Union and the US, Nato and the Warsaw Pact."

There is diminishing belief in Moscow that Mr Gorbachev's summit meeting with President Ronald Reagan in Geneva in two weeks time will produce concrete results but this was not reflected yesterday in the parade's traditional combination of military hardware followed by crowds carrying banners bearing slogans on more peaceful themes.

The anti-aircraft missiles included an SA-1, a venerable weapon no longer in service, but retaining its position in the parade because it shot down the American U-2 spyplane in 1960, thereby sabotaging the summit between Mr Nikita Kruschev, the Soviet leader, and President Eisenhower.

A last minute hitch before the summit looks much less likely years later and at a reception after the parade Mr Gorbachev said progress was possible at Geneva if there is "a businesslike, constructive approach."

Tough Star Wars stance, Page 5

DIRECTIVE SEEKS TO NARROW GAP IN EEC RATES

Brussels calls for VAT standstill

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Commission yesterday launched a campaign to boost its flagging initiative on harmonising EEC value added tax rates as part of the general programme to create a European Community without frontiers by 1992.

It is putting forward a draft directive embodying a standstill on any VAT tax changes which *would widen the divisions* between national tax rates. Standard VAT rates range from 12 per cent in Luxembourg to 23 per cent in Ireland.

The Commission has also decided to propose a simplified technique for establishing Community standards in the processed food sector. It follows the approach already adopted for industrial products and envisages free circulation of food products which meet a Community standard safety, health and customer information criteria.

Both proposals were planned in the Commission's White Paper, published last June. This contained a timetable for some 300 measures, the total effect of which would be to complete the Community's internal market over seven years.

Lord Cockfield, the commissioner for the internal market, said yesterday that momentum towards completing the internal market had built up. The Council of Ministers had agreed 16 measures, wholly or partially, and could agree a further 35 *this year. He conceded that* the Commission would be late with six proposals.

"To complete the internal market involves the removal of internal frontiers — some of the most important are fiscal barriers," Lord Cockfield said.

The VAT standstill is seen by the Commission as a preliminary to bringing national VAT rates more closely into line. If adopted, it would prohibit rate changes which did not move towards the centre of the Community range.

However, neither the UK nor West Germany accept the approximation of VAT rates as a priority for achieving the internal market. Whitehall doubts whether it is necessary anyway and hence can be expected to pour cold water on the Cockfield proposal.

At the June summit of EEC leaders in Milan, these attitudes led to the relegation of tax approximation to study by finance ministers. It was not adopted as an area of high priority like the ending of tech*nical barriers to trade.*

This suggests that the standards proposals for processed food products will have an easier ride in the Council of Ministers than the tax standstill suggestion.

Here, the Commission wants to scrap the painful product-by-product approach of setting a Community standard and confine legislation to what are called "essential requirements in the public interest."

The basic premise is that accepted in a 1979 European Court of Justice judgment — that goods lawfully sold in one state can be freely sold in another Community market.

Going on from that, the Council would be invited to approve framework directives, while the Commission would implement the technical details in consultation with the Scientific Committee for Foodstuffs. Broadly, this technique has been adopted for industrial standards.

However, the speed at which the Council might act on framework directives has not yet been tested. In June, the Commission said that by September the first framework directives would be presented, dealing with building materials, pressure vessels, machine tools, electromedical and radio interference equipment. They have not yet arrived.

Lord Cockfield, however, promised framework directives "fairly soon" in four areas of food processing as part of his drive for simplified procedures in this new sector. They will cover food additives, dietetic foods, materials in contact with foods, and manufacturing processes, like deep freezing.

Spanish magistrate rejects spy charges

By David White in Madrid

THE EXAMINING magistrate, handling allegations that the Government spied upon opposition political parties in Spain, yesterday told the plaintiffs he was shelving the case.

He said there were no grounds for criminal proceedings in the case, which the right-wing opposition attempted to build up into a "Spanish Watergate." His decision is in line with a Supreme Court verdict in July which absolved members of the Government from criminal responsibility.

The Communist Party, which was one of the three plaintiffs, said it would appeal against the examining magistrate's decision. The Conservative Alianza Popular said the public should be worried since it implied that spying was considered legal.

The party filed its legal complaint in May after newspapers had carried reports about security agents being employed for political espionage and infiltration. It sought to pin the blame on Mr Alfonso Guerra, the controversial Deputy Prime Minister, who was alleged to have used information from internal party documents.

Mr Jose Barrionuevo, the Interior Minister, firmly denied at the time that the Government had given orders or consent for investigating political parties. However, officials acknowledged that records had been kept of political parties and that some surveillance activity by members of the security forces had been going on

Strike suspended

Belgian mine unions yesterday suspended a pit strike staged in protest against plans for widespread lay-offs in the already depressed coalfields, Reuter reports from Brussels. It was called off pending the outcome of fresh talks with management

Commission to make joint ventures easier

BY A. H. HERMANN IN BRUSSELS

JOINT VENTURES between EEC companies, particularly those involving new investment and improving Europe's competitiveness in the world's markets, should enjoy greater legal safety as a result of guidelines which the European Commission intends to publish before the end of the year.

This was announced here yesterday by Mr Peter Sutherland, the commissioner for competition speaking at the Eighth Annual Competition Law Conference of the European Study Conferences.

Mr Sutherland, who has taken a tight grip on his department, indicated a more pragmatic shift in competition policy. He said that the Commission has decided to issue guidelines, capable of flexible application which will apply to joint ventures between two or more companies.

In the Commission's experience, two thirds of such joint ventures involve manufacturing enterprises. The guidelines will not apply to permanent mergers or takeovers, keeping parent companies out of competition permanently.

Even very big companies will be able to benefit, particularly for introducing advanced technology. The guidelines will also favour joint ventures aimed at reducing overcapacity.

They will give a green light to specialised joint ventures up to a market share of 25 per cent and will make clear that joint ventures in a single member state or affecting less than 5 per cent of the relevant market do not fall under the EEC rules of competition.

The Commission in future will also give greater weight to residual competition, also by imports. On the other hand, the means used for the establishment and operation of a joint venture will have to be "reasonable," and not to create barriers against the entry of new competitors into the market.

When considering individual ventures, the Commission and national courts should start from the assumption that these have no anti-competitive effect if they control less than 15 per cent of the market. Individual scrutiny will be necessary before joint ventures with a greater market share are approved.

Joint ventures which would control more than 15 per cent but not more than 25 per cent will be available for exemption under Article 85/3 of the Treaty of Rome by an individual decision of the Commission. However, the Commission will oppose joint ventures which increase dominance of the market — as it did in the case of European acquisitions by Continental Can, the US giant manufacturer of food packaging materials.

Yugoslavia plans to cut foreign debt next year

BY ALEKSANDR LEBL IN BELGRADE

YUGOSLAVIA PLANS a further reduction in its foreign debt next year and will not take up any loans offered under the US initiative on easing the debt crisis, according to Mr Zivorad Kovacevic, a federal cabinet member.

Yugoslavia is one *of* the 15 countries targetted in the US initative which calls on commercial banks worldwide to put up an extra $20bn in loans to heavily indebted nations over the next three years.

Mr Kovacevic told a news conference that Yugoslavia has yet to take any formal stance on the initiative but he pointed out that a current account surplus of $600m this year and of $650m expected for 1986 will allow Yugoslavia to pay back debts and still increase its foreign exchange reserves.

But Yugoslavia has also modified its target for reducing foreign debt to avoid economic strains being caused by excessive repayments.

Previously, the plan had been for the country to cut its overall debt to $16bn by 1990 from $19bn at present. Now, Yugoslavia intends to work towards a debt ratio of 25 per cent by the end of the decade instead of 40 per cent at present.

Separately, a national bank official said Yugoslavia's foreign exchange reserves now exceed $2bn and are $11m higher than the target agreed with the Internaional Monetary Fund for this time of year.

Demand for oil falls in the West

By Maurice Samuelson

THE AMOUNT of oil being used by Western industrialised countries is continuing to fall, according to the latest oil market report issued today by the International Energy Agency.

The end of October oil market survey by the Paris-based agency showed that third quarter 1985 consumption by members of the Organisation for Economic Co-operation and Development was 2 per cent down on the same period last year. In the first and second quarters, consumption was down by 1.7 and 3.5 per cent respectively.

Preliminary estimates for August and September showed OECD countries consuming 33.1m barrels a day, 600,000 b/d less than in the third quarter of 1984.

The fall was unevenly spread. North American consumption seemed to stay near the level of the 1984 third quarter, but consumption in Europe dropped around 3.5 per cent.

Nearly half the fall in the second and third quarters of this year could be accounted for by the British coal miners' strike, which raised consumption of heavy fuel oil by 400,000 b/d from the second quarter of 1984 to the first quarter of 1985.

According to the IEA's latest projections for 1986, OECD oil demand should continue to fall modestly due to decreased demand in Europe and the Pacific. The projections are based on an assumed economic growth of 2.75 per cent.

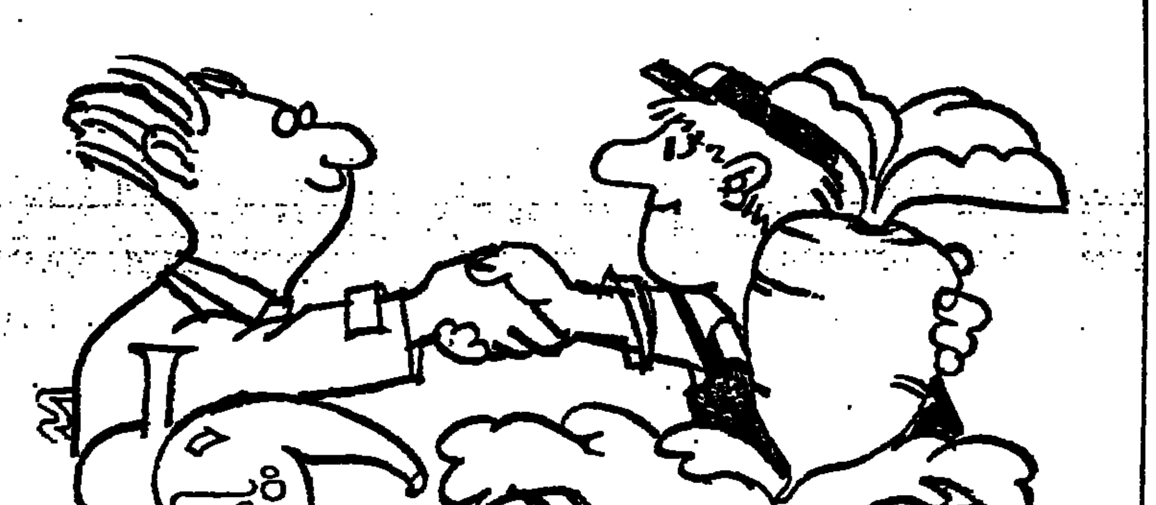
Total world oil supply in the third quarter is put at 44.9m b/d (including natural gas liquids), of which 14.9m b/d came from members of the Organisation of Petroleum Exporting Countries (Opec).

In the first and second quarters, Opec members produced 16.2m b/d and 15m b/d respectively. Output in September was 500,000 b/d higher, than in July and August, reflecting higher output from Saudi Arabia, Iraq and Nigeria.

● Saudi Arabia should fulfil its production quota of 4.353m barrels a day under the November Opec pact thereby adding to the collective surplus over and above the 16m barrels a day ceiling, Richard Johns writes.

Purchase notifications for crude from the Arabian American Oil Company now exceed 4m b/d and in addition the Neutral Zone, shared 50:50 with Kuwait, is likely to be in the order of 350,000 b/d, according to industry executives. It is even possible that the quota will be exceeded as a result of the Saudi move to sell on a "net-back" basis related to product realisations on the market.

Earlier this week the authoritative Middle East Survey calculated that collective Opec output in the July-October period ran at 17.335m.



OVERSEAS NEWS

Cairo puts strict curb on foreign borrowing

BY TONY WALKER IN CAIRO

EGYPTIAN Ministries and public-sector organisations have received a strict new presidential directive to stop foreign borrowing except for special categories of investment.

The guidelines, issued several weeks ago in the name of President Hosni Mubarak, specify that new loans should be raised only if the money is to be used in the "productive sector," that whoever is the borrower is responsible for repayment and not the state, and that funds should be utilised in projects capable of earning hard currency.

The curb on new borrowing reflects concern within the Egyptian Government about the country's increasingly burdensome foreign debt.

An International Monetary Fund (IMF) report, published in June, estimated that Egypt's external debt for 1984-85 would be $32.5bn (£23bn), or a debt-service ratio of about 35 per cent of current account receipts.

Egypt is also instituting a new computerised debt monitoring system to help it rationalise its debt-service position. This is to overcome a perceived serious weakness in the management of its foreign debt.

Other measures being considered, according to a highly-placed government official, include the establishment of a senior ministerial committee to oversee measures to combat the debt problem.

Membership of the committee would include the Ministers of Planning, Economy and Cabinet Affairs and the Governor of the central bank.

Studies are being carried out into Egypt's debt position, including one by an IMF representative on loan to the Egyptian Government. These will form the basis of the proposed new computerised financial control system.

The government official said the new loan guidelines would not have a serious impact on output because there was much under-utilised capacity in the public sector.

"I have a feeling that during the next five-year plan (which will carry Egypt through into the early 1990s) we can double the volume of output with very little new investment," he said.

President Mubarak

Egypt is suffering from increasing balance of payments problems because of the slow-down in the world oil markets, a fall-off in remittances from Egyptian expatriate workers and a slippage in other prime sources of foreign exchange such as tourism and Suez Canal dues. Egypt's trade deficit this year is about $6bn.

Meanwhile, an IMF team has begun work in Cairo on an Egyptian request for a standby facility totalling $1.5bn to help it cover a shortfall on its balance of payments.

The IMF is seeking basic reforms of Egypt's pricing and foreign exchange systems as a condition

Egypt's IMF quota is SDR 463.4m (about $500m). Under the IMF formula, Egypt is entitled to 1.5 times its quota each year up to a maximum of 4.5 times quota over three years which would amount to $2.5bn. Repayment terms are between three and five years.

Egypt and the IMF have a troubled history because of disputes over the heavily-subsidised Egyptian pricing structure and also over the country's multi-layered foreign exchange system.

The official rate for the Egyptian pound against foreign currences does not reflect its real value in the market place. Egypt's last borrowing from the IMF was between 1978 and 1981.

Killing of Beirut hostages claimed

By Nora Boustany in Beirut

AN ANONYMOUS telephone caller yesterday claimed the secretive Islamic Jihad (Holy War) has killed US hostages by firing squad and discarded their bodies in a bombed-out basement of a soft-drink factory.

A thorough search by police and reporters, however, showed no trace of the missing kidnap victims. The *authenticity of many similar* 'phone calls has been impossible to verify.

The statement by the shadowy Islamic Jihad group, whether genuine or false, contributed to a war of nerves between radical fundamentalist Islamic groups and Syria in Lebanon.

The Syrian-sponsored National Unity Front has demanded that the Iranian-financed Hizbullah, or Party of God, an extremist Shi'ite group, evacuate a former army barracks occupied by force in the Central Lebanese town of Baalbek. Hizbullah gunmen and several hundred Iranian guarsd seized control of the Sheikh Abdullah barracks in 1983.

Syria, seeking to promote a national reconciliation plan and political reforms in Lebanon, has let it be known that the days of armed anarchy are numbered here.

Hizbullah, which groups the extremist fringes of the Shi'ite community, has declared its opposition to any imposed peace accords. The radical group has been left out of consultations over Lebanon's political future in a series of meetings in Damascus.

The link between the shadowy Islamic Jihad and Hizbullah is not a direct one and only based on declared common goals, sympathies and religious beliefs.

Islamic Jihad has sought the release of 17 prisoners from Kuwaiti jails held on bombing charges since December 1983 in exchange for the missing Americans.

AP adds from Washington: Mr Larry Speakes, White House spokesman, said yesterday that the anonymous telephone calls in Beirut reporting that the US hostages had been killed by Islamic Jihad terrorists "so far have proven to be unfounded."

Anglo American chief urges talks with blacks

BY MICHAEL HOLMAN

DR ZACH DE BEER, an executive director of the leading South African mining house, Anglo American, said yesterday that there was an "urgent need" for the government to begin talks with "black leaders of credibility, including Chief Gatsha Buthelezi and the African National Congress (ANC)."

Dr de Beer, a former MP and founder-member of the moderate Progressive Party — since named the Progressive Federal Party (PFP) — was among the delegation of leading South African businessmen who met officials of the ANC in Lusaka last September.

In London yesterday, Dr de Beer, who spoke of his "deep concern" about the political situation in South Africa, urged Mr P. W. Botha, the South African president, to open the negotiating process with Chief Gatsha Buthelezi.

THE black boycott of white businesses in Port Elizabeth is to be lifted conditionally on November 15, writes Jim Jones

Organisers of the boycott, which has severely hit white-owned businesses in the eastern Cape, said it would be reimposed on December 1 if the government failed to lift the state of emergency in the city, remove security forces from its black townships, and lift the ban on meetings of township associations.

The organisers also called on the authorities to release information on the whereabouts of three Port Elizabeth community leaders.

● South Africa's death toll after 14 months of violence exceeded 800 yesterday when police discovered the body of a black prison guard in a Port Elizabeth township.

Last week, government figures put deaths at 799, while over 12,500 people have been arrested since September 1984.

Chief Buthelzi is leader of Inkatha, the organisation backed by many of the country's 6m Zulus. Talks should take place on the basis of a commitment to "real power-sharing."

Mr Botha needed to boost his credibility among both blacks and whites, said Dr de Beer, but expressed scepticism about Mr Botha's capacity to press ahead with further reforms.

"I think he may be psychologically incapable of encouraging a situation in which he would have to work with non-Afrikaners to achieve his goals."

"I would give him credit for some significant changes, but he may have reached the point where he can go no further."

Talks between black and white, he said, should include discussion of a federal structure for South Africa. Dr de Beer ruled out racially-elected chambers but suggested that proportional representation and an entrenched bill of rights would be two issues.

The leadership of the ANC, which is banned in South Africa, at present stands for "a mixed economy," Dr de Beer said. "But at the same time, South African businessmen must be sharply aware of the fact that there are self-declared Communists on the executive of the ANC."

There is, he continued, a danger that the ANC and other black organisations would "move to the left—the longer they are frustrated, the more extreme they are likely to become."

Despite the slow pace of change in South Africa, Dr de Beer added, he was "firmly against sanctions." British companies active in South Africa should consider greater support for the business-funded lobby, the Urban Foundation, of which Dr de Beer is a director.

The Foundation's chairman, Mr Jan Steyn, this year published a wide-ranging "agenda for reform" which included a call for talks with representative black leaders "on sharing of power at central government level."

South Africa's economic prospects were closely tied to its political fortunes. "Our balance of payments is strong, and I expect it to continue. In the past, this has been a harbinger of improvement — but that presumes a reasonable measure of political peace."

THE GULF SUMMIT

A new and more neutral stance

BY KATHY EVANS IN MUSCAT

ON THE SURFACE, the sole outcome of the summit of Gulf rulers who have been meeting in isolated luxury for the past four days in Muscat, was an agreement to accept equally each country's educational certificates.

Amid the proclamations about unity, progress and marching forward together, that was the only new decision discernible from the summit's final communiqué.

Yet reading between the lines, the result of this Gulf political get-together of the six ruling families could have potentially momentous results for the region.

The Gulf Co-operation Council which embraces Saudi Arabia, Kuwait, Bahrain, Qatar, Oman and the United Arab Emirates decided, as one, to shift to a more neutral stance on the Gulf war.

This represents a tremendous psychological change, for the past five years, the gulf states have been totally committed in their financial and political support to Baghdad's war effort. Between $30bn-$40bn has flowed from theGCC, mainly Saudi Arabia an dKuwait, to help the Iraqis fight Iran. The aid has come in the form of cash, and oil, for both countries sell oil on behalf of Iraq.

In the past few months though, Iran has been trying to reassure its Gulf neighbours that it seeks friendly relations with them, and a series of quiet visits to the Gulf by senior Iranian officials took place.

This will shortly culminate in a visit to Saudi Arabia by Mr Ali Akbar Velayati, Iran's Foreign Minister. This follows a mission to Tehran earlier this year by Prince Saud al-Feisal, the Kingdom's Foreign Minister.

But the Gulf states appreciate how careful they must be. First, these friendly overtures from Iran exclude Kuwait.

Broadcasts hostile to Kuwait continue to be beamed from Arabic-language radio staitons in Southern Iran. Kuwait still holds 17 terrorists in its jails who enjoy Iranian support.

Nevertheless, the shift towards a less committed stand towards Iraq has begun. Already Saudi newspapers are carrying the first ever photographs and news stories on Ayatollah Khomeini and his Government since the Iranian Revolution in 1979. The question is now, where will all this lead?

Ayatollah Khomeini

On the surface, the answer is not very far. The very shift in policy has largely resulted because the Gulf states fear that with the increased attacks on Iranian oil installations by Iraq, Iran may be tempted to lash out at them.

But Iraq is unlikely to be dissuaded from continuing these attacks, particularly now that the Gulf states have expressed the desire to have better contacts with its enemy.

More important, there appears not a glimmer of hope that the Iranians are willing to give up their demand of the removal of the Iraqi President, Saddam Hussein, as a precondition for talks.

Marcos party meets on poll call today

BY SAMUEL SENOREN IN MANILA

THE PHILIPPINES ruling party will meet today amid confusion over the announcement by President Ferdinand Marcos of a snap election for the Presidency and Vice Presidency.

A caucus of ruling party leaders has been set for today at the presidential palace to clear the election issue.

Some leading figures in the party are not sure if President Marcos had really meant to call a snap poll on January 17. Yesterday, he ordered the armed forces confined to quarters during the election.

The move which also suspends operations against the Communist New People's Army (NPA) is designed to make the military neutral and discourage the opposition from seeking NPA assistance.

A close associate of the President believes there will be no snap election because legal obstacles would compel the Supreme Court to rule against it.

The scenario is that while Mr Marcos ostensibly bows to US pressure and calls for an election, the Supreme Court would rule against it and force Mr Marcos to call it off.

Opposition leaders also charged that Mr Marcos' announcement before a US audience early this week was a ploy to prod the Reagan Administration into accelerating disbursement of aid to his ailing regime.

Mr Marcos' Government is seeking $45m in advance rentals for continued use of US military installations in the Philippines.

Faced with falling revenues and a squeeze on capital inflows, Mr Marcos' regime is hard pressed for funds to keep the economy from sliding further.

The President, who has ruled for 20 years, has set his own election rules, indicating he would not resign before seeking a new mandate.

Opposition leaders claim that would be unconstitutional because no snap poll can be held if the President remains in office. Party leaders plan to skirt the legal question by drafting legislation that would shorten Mr Marcos' six-year term which will not expire until 1987, and "advancing" the Presidential elections to January 17 1986.

Mr Arturo Tolentino, a member of parliament who once served as Mr Marcos' Foreign Minister, called the plan "absurd" because "if the parliament or the President can shorten the six-year term, then they can also prolong it."

Moscow 'taking tougher position on Star Wars'

BY OUR US EDITOR IN WASHINGTON

MR MIKHAIL GORBACHEV, the Soviet leader, has toughened his stand against President Ronald Reagan's Star Wars space defence programme, demanding that even basic research on the project be halted, according to senior US officials.

The Soviet leader made this clear in an "argumentative and combative" presentation of the Soviet position to Mr George Shultz, the US Secretary of State, at a meeting in Moscow on Tuesday, the officials said.

The US side regarded his insistence on a total ban on Star Wars as back-tracking on recent hints by Soviet officials, including Mr Gorbzachev himself, that basic research might be tolerated.

Underlining the width of the gap between the two superpowers in the run-up to their Geneva summit on November 19 and 20, other officials said yesterday that there was *still* not the slightest sign that Mr Reagan is ready to consider a Star War compromise.

In an interview with Western news agencies on Wednesday, Mr Reagan reiterated that there was "no way" he would give up Star Wars research and the effort to develop a defensive system. White House officials are reported to be banned from even studying compromise proposals.

The Administration, however, yesterday continued its efforts to shift the blame to Moscow for the summit's likely failure to reach any arms control agreement.

In his talks with Mr Shultz, Mr Gorbachev was said by US officials to have presented a view of the US that was as offensive to the Administration as Mr Reagan's earlier "evil empire" rhetoric was to Moscow.

Mr Gorbachev was described by US officials who accompanied Mr Shultz to Moscow as "intellectually curious, vigorous, articulate, argumentative, impusive, self-assured but with gaps in his knowledge" of the US. He was said to have frequently interrupted Mr Shultz to get ideological points across.

Mr Gorbachev was "heavily persuaded by a view that there is an ulterior motive, a hidden agenda, an over-riding anti-Soviet influence in the Reagan *Administration's policy*," one US official told the Washington Post.

US officials also said that the lack of concrete suggestions from the Soviet sode for arms control compromises suggested that the Soviet leadership had made a policy decision not to make any important agreements with the US before the Communist Party Congress next February, which is due to chart the Soviet Union's course for the next five years.

Chuck and Di boost US ratings of the Windsor show

BY REGINALD DALE, US EDITOR IN WASHINGTON

"SURE, I know they're coming," said the 12-year-old girl in rural Pennsylvania when asked if she was aware of the imminent descent of royalty, "Princess Diana and what's-his-name."

Any American who does not know that "the world's most glamorous couple" is coming this weekend has not read many magazines or watched much television in the last two months.

Most of the attention has focused on the photogenic but mysterious Princes Diana, who has never set foot on these shores. Prince Charles is regarded by many cognoscenti as rather old hat.

Princess Diana's face has ousted those of Joan Collins and Elizabeth Taylor as a lure to buy cheap tabloids in the supermarket check-out line, and in the last three weks she has made the cover of both Time (with her husband) and Newsweek (without) looking disconcertingly like avery young Mrs Thatcher.

More than 200 years since the colonies revolted aganst the despised George III (said by CBS Television to be Charles's favourite monarch), the young British royal couple has a drawing power that dwarfs that of any other royalty, and most showbiz superstars.

The most widespread explanation, as advanced by a romantically inclined 37-year-old teacher in Maryland, is that "it's sort of a fun thing to watch like a true story soap opera." Or as Time magazine puts it: "If 'the Windsors' is like a prime time serial, it is one that, before Lady Diana Spencer joined the cast, was having ratings problems.

"Then, like an inspired casting director, Charles picked an unlikely ingenue for the role of Princess: The girl next door. *Voila*. She became the biggest star of all and made "the Windsors" the most watched show of all time."

Not everyone is buying this. The Washington Post commissioned a special opinion, together with ABC News, and claimed that it showed massive indifference to "Chuck and Di." More than two-thirds of Americans (67 per cent) had "no opinion" of Prince Charles, while 58 per cent were similarly uninspired about Diana.

But the truly astonishing figure, at least for anyone who had been reading the Washington social columns for the past two or three months, was the 62 per cent who said that they would "not care one way or the other" about an invitation to meet them.

A 32-year-old New York man, pressed to choose between meeting their royal highnesses and getting a good night's sleep, swiftly replied: "I'd just as soon get the night's sleep."

No such sang froid is detectable in the elite circles of the nation's capital, which owes its name to the man who drove the monarchy from America. If there were ticket touts dealing in invitations to the weekend's social events at the White House, the national gallery of art (where the royal couple will tour the opulent "treasure houses of Britain" exhibition) and the British embassy, they would by now be multimillionaires.

"People are absolutely frantic for this one," says one gossip columnist, who predicts that the royal guest lists will separate the social chic from the social goats for months if not years to come.

The National Gallery has been getting 100 pleading telephone calls a day and is turning away socialites willing to contribute $100,000 a head.

Palm Beach comes slightly cheaper. For a charity event that the couple will attend there on Tuesday—organised by international magnate Mr Armand Hammer, an old friend of the Prince's—the minimum donation is $10,000 a couple.

In Washington, one socialite with an invitation says disdainfully of those passed over: "They carelessly didn't give a $1m to the National Gallery. They're not the Secretary of State. They're not a distant cousin." Tough. Many of those shunned are taking sudden trips abroad.

Well-known Washincton Post columnist Joseph Kraft is disgusted by such snobbery. Under the headline "the myth of British importance," he denounces the scramble by nouveaux riches Americans to gain social standing by borrowing or buying — or marrying —an aristocracy from a Britain, which "sells its prestige to the highest bidder."

The bogus "special relationship," he writes bitterly, "consists of living off the only aristocracy we have — the aristocracy of Britain."

But as the French (the Americans' revolutionary allies) have long demonstrated, there is nothing like kicking out a King to create nostalgia for a proper royal court.

Colombia rules out negotiations with rebels holding hostages

BY SARITA KENDALL IN BOGOTA

THE Colombian Government has said there is no question of negotiating with the M-19 guerrillas who have been occupying the Palace of Justice in the capital since Wednesday.

At least 33 people have died in the attacks on the Palace, among them 25 guerrillas.

The building was taken by about 50 rebels who drove into the building on Wednesday morning disguised as policemen. Soon afterwards army tanks surrounded the Supreme Court and forced down the main doors.

Police and army units exchanged heavy fire with the guerrillas as people were evacuated from the building at regular intervals.

Much of the building has been destroyed by shells, explosions and fires. The guerrillas took Mr Alfonso Reyes, president of the Supreme Court, and several judges hostages, while many others remained trapped in the building.

M-19's demands include radio and television time to explain the movement's aims, as well as a nationwide debate on the peace process.

M-19 — the 19th of April Movement — first appeared in 1974, and carried out a series of actions designed to earn maximum publicity. It has always been characterised as a home-grown nationalist group.

In 1980, M-19 took over the Dominican Republic embassy in Bogota, holding foreign ambassadors hostage for more than two months.

Soon after Mr Belisario Betancur became President of Colombia in 1982, peace discussions between the Government and the guerrillas began.

Some groups refused to take part, but the two most important guerrilla movements—M-19 and the Soviet-line Revolutionary Armed Forces of Colombia —made ceasefire agreements. In May this year M-19 announced it would resume fighting because the Government and the military were not respecting the truce.

The attack on the Supreme Court follows M-19's attempt to kidnap the Colombian Army Commander two weeks ago. Since the rebels went back to open combat there has been heavy fighting between the Kam and the military in rural areas of central Colombia. The latest incidents have brought the guerrilla problem straight to the heart of the capital and earned widespread condemnation.

Second day of Chile protest claims 4 lives

By Mary Helen Spooner in Santiago

FOUR PEOPLE were killed, 12 others injured by gunfire, and nearly 600 arrested in a second day of demonstrations yesterday in Chile organised by opposition groups.

The two-day "social mobilisation" was called to protest the continued imprisonment of copper mineworkers' president Mr Rodolfo Seguel and five other activists who yesterday entered the ninth day of a hunger strike.

An official in General Augusto Pinochet's regime said the authorities were considering prosecuting the organisers of this week's demonstrations for violating Chile's internal security laws.

Mr Seguel and the other hunger strikers are being held on similar charges for their part in organising an earlier anti-Government protest

A series of bombs exploded in Santiago and other Chilean cities, causing property damage but few injuries. The Chilean capital began returning to normal on Wednesday

In a separate action, leaders of three key trade unions—maritime workers, truck drivers and taxi drivers—announced new protests.

The president of Chile's maritime workers said a strike now underway in two port cities west of Santiago would be extended to all ports.

Chile's independent truck drivers announced they would protest increased fuel prices by refusing to buy petrol on November 12 and 13 and abandoning their vehicles when their fuel was exhausted.

Mexico's trade surplus falls by 42.5%

By David Gardner in Mexico City

MEXICO's trade surplus for the first nine months of this year has fallen 42.5 per cent against the same period last year, following a sharp drop in both oil and manufactured exports and a steep rise in private sector imports.

Mexico posted a surplus of just under $5.7bn (£3.9bn), with a likely outcome for the year of around $7.5bn, against 1984's trade surplus of $12.8bn. As a result the current account will now certainly end the year in the red, probably by about $500m, against last year's $4bn surplus.

This level of earnings from trade is insufficient to meet a debt service bill of around $12bn this year, without the fresh credits of around $4bn net Mexico hopes to negotiate with its creditors and international financial institutions.

Oil earnings which last year totalled $16.6bn and bring in two-thirds of all foreign exchange revenue, fell 12 per cent, while non-oil exports fell 11.8 per cent. Imports as a whole rose 24 per cent.

Manufacturing exports earned a total of $3.7bn but the sector's imports were nearly twice this amount.

In July, the Government devalued the peso and liberalised imports to strengthen its non-oil export effort. Although the 16.7 per cent devaluation makes imports more costly, the liberalisation was always likely to lead to a deterioration in the trade account in the short term.

Canada considers easing bank ownership curbs

BY BERNARD SIMON IN TORONTO

A COMMITTEE of Canadian members of parliament has proposed sweeping changes in the regulation of financial institutions, including the abolition of discriminatory restrictions on foreign-owned banks and greater overlap between the activities of different types of financial institution.

Reporting in the wake of the first bank failures in Canada for 62 years, the House of Commons Finance Committee also urges tighter supervision of financial institutions and a sliding scale of ownership curbs, with ceilings on a shareholder's interest determined by the size of the institution.

Companies with assets below C$10bn (£5.07bn) could be wholly-owned by a single shareholder.

The finance committee's recommendations are not binding on the Government, which earlier this year published its own proposals for reforming the regulatory system.

The recent banking crisis has given new impetus to the debate on reforms, but there is a wide divergence of opinion on what shape they should take.

Concrete legislative proposals are unlikely to be tabled before completion of a judicial inquiry on the collapse of two small Alberta banks last September.

The House of Commons report suggests that foreign-owned banks should be allowed to expand into other financial services, and that most distinctions between foreign and domestically owned banks should be scrapped. Foreign banks are limited to 16 per cent of the domestic assets of the Canadian banking system.

Sao Paulo strike ends

BY ANNE CHARTERS IN SAO PAULO

HALF A million striking chemical and plastics workers, retail clerks, bakery employees and metalworkers ended their two-day strike in Greater Sao Paulo on Wednesday after halting work at nearly 12,000 companies.

The metalworkers union, representing over 300,000 labourers, agreed to end their strike when the Federation of Sao Paulo Industries (FIESP) representing manufacturers, offered to advance 80 per cent of a cost of living rise next February and August.

This concession—together with a regular six-month rise equivalent to 100 per cent of the cost of living—essentially grants workers increased pay cheques every three months.

The pay agreement also includes a real wage rise of 12 per cent and is scheduled to reduce the work week from 48 to 45 hours beginning on January 1.

The union's euphoria with the settlements that include hefty real wage rises contrasts with the concern in business circles that inflation could accelerate

WORLD TRADE NEWS

US debates ban on imports made by slave labour

BY NANCY DUNNE IN WASHINGTON

A LITTLE-NOTICED measure in Congress is designing to ban imports produced by slave or forced labour could sharply reduce Soviet sales to the US and wreck the Reagan Administration's initiatives to improve trade relations with the Soviet Union.

The legislation in the form of an amendment to a Treasury funding measure, has passed a House-Senate conference committee but got bogged down in the House yesterday when Republicans tried to weaken the proposals.

Its passage would be the latest in a series of stumbling blocks, mostly involving defectors or would-be defectors, paving the way to the Geneva summit between President Reagan and Mr Mikhail Gorbachev, the Soviet leader.

If the proposals become law, American importers of certain products will have to prove that the goods were not "produced, manufactured or mined (in whole or in part) by forced labour, convict labour or indentured labour."

The suspect imports last year totalled $192m (£134m) or one-third of all Soviet sales to the US. They fall into the following five categories: gold ore, agricultural machinery, tractor generators, tea and crude petroleum and other oil products.

Despite calls for action against Soviet imports from a bipartisan group of congressmen, administration officials are fearful of provoking Soviet retaliation against US agricultural products and thus have been reluctant to act on the matter.

The Treasury, which has authority over the customs service, has asserted that "available evidence provides no reasonable basis in fact" to indicate which classes of Soviet products are produced with slave labour.

The pending legislation seeks to force Treasury action by ordering a cut-off of the salaries and expenses of the office of the assistant secretary of the Treasury for enforcement of operations if any of the suspect products enter the country without sufficient proof that they have not been produced by slave labour.

The State Department reported to Congress in 1983 that forced labour is used "to produce large amounts of primary and manufactured goods for both domestic and Western export markets." It said that the Soviet Union operates the largest forced labour system in the world, comprising of about 1,100 forced labour camps.

The Central Intelligence Agency compiled a list of products and industries in which, it said that forced labour is used "extensively." These included: wood products, cathode ray tube components and resistors, camera lenses, glassware and chandeliers, automotive and agricultural machinery parts, and mined products.

The Treasury insisted that the evidence was not specific enough, but Congress decided "reasonable" proof is available. Senator William Armstrong of Colorado, one of the strongest backers of the new legislation, said: "It is now up to the Administration to stand up for the principles of human freedom or continue to be a silent partner in Soviet brutality."

● Millions of dollars worth of computers leave the U.S. with no safeguards to prevent sale to hostile nations, a US Defense Department official told Congress yesterday, AP reports from Washington.

The computers and related equipment are being sold "in Pacific Basin countries and elsewhere," said Mr Stephen Bryen, Deputy Undersecretary of Defense for Trade Security. He urged improvements in export licensing procedures.

Rising yen prompts Japanese to lift prices

By Carla Rapoport in Tokyo

THE CONTINUING depreciation of the US dollar against the Japanese yen has prompted more companies to announce price rises for their exported products.

The yen closed yesterday at 202.55, against the dollar, a 57-month low. Mr Satoshi Sumita, governor of the Bank of Japan, said yesterday, however, that the stronger yen had not been firmly established and indicated that the Central Bank would favour a further strengthening of the Japanese currency.

A number of Japan's leading exporters have announced price rises for their overseas sales. Sony, one of Japan's leading consumer electronics groups, said it plans to raise its US prices by 5 to 12 per cent in the new year because of the stronger yen. Komatsu, a leading construction machinery maker, also intends to raise export prices by between 5 to 10 per cent.

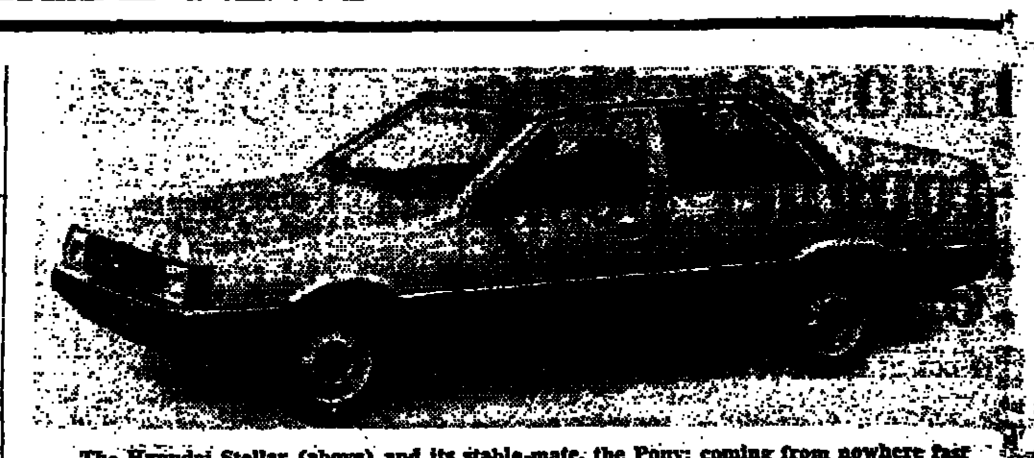
Steel companies, including Nippon Kokan and Nippon Steel, are expected to increase prices in the new year, probably around 5 per cent. Top executives at Yamazaki Tekko, a major machine tool maker, said this week that it is contemplating a 6 per cent rise by the end of the year and a further 6 per cent in the new year. Yamazaki Tekko claims the increased prices will not harm its competitiveness in overseas markets.

According to a poll in the Nihon Kezei Shimbun, Japan's economic daily, most companies in the home appliance and automobile industries have yet to make up their minds on higher prices. However, Nissan expects to raise its ex-factory price to its US subsidiary by 4 per cent next year, though it does not intend to raise US retail prices.

In the sluggish semiconductor sector, companies say they cannot afford to increase prices because of the heavy competition in their overseas markets.

● A senior Japanese government official yesterday hit out against what is perceived as an increasingly hostile attitude of the European Commission towards Japan.

Speaking in advance of bilateral talks later this month, Mr Gotaro Ogawa, Director of the international economic affairs division of the Foreign Ministry, claimed that the EEC had not taken an entirely "accurate or fair" view of recent measures aimed at reducing Japan's trade imbalance with Europe and the US.



The Hyundai Stellar (above) and its stable-mate, the Pony: coming from nowhere fast

South Korean Stellar car sales in Canada set rivals spinning

BY BERNARD SIMON IN TORONTO

THE phenomenal success of South Korea's Hyundai motor company in penetrating the Canadian car market has put Japanese and North American motor manufacturers on the spot.

Amid growing complaints from its rivals about unfair competition, Hyundai has established its Pony sub-compact model as Canada's top-selling foreign car less than two years after entering the market.

Equally important, it has succeeded where Japanese companies have failed in winning friends in political circles. A senior Government official in Ottawa said bluntly: "We see them as very different animals. The Koreans have anticipated requests instead of waiting for them."

Hyundai's sales in Canada have shot up from zero in December 1983 to 57,500 cars in the first nine months of this year, more than Honda and Nissan combined.

The Hyundai Pony and Stellar models (a sub-compact and compact respectively) garnered almost 10 per cent of the total Canadian car market last September.

The company expects exports to Canada—which now account for more than a quarter of its total production in Korea—to reach 100,000 units in 1986.

Hyundai itself has been surprised by its performance in Canada. Expecting to sell only 5,000 cars last year, it initially appointed about 50 dealers. There are now 190.

The unexpected success may provide some lessons both for the company and its competitors in the U.S., where Hyundai plans to launch a small, front-wheel drive model early next year.

Mr S. H. Park, president of the Canadian subsidiary, also heads Hyundai Motor America which is plotting the U.S. debut from a base in Los Angeles.

The most obvious reason for Hyundai's quick market penetration in Canada is the price of its product. But the roots of competitive prices on the showroom floor can be traced back to a number of controversial international trade and political issues. The Pony and Stellar sell for C$800-C$1,000 less than equivalent Japanese models.

The top-line Pony GLS carries a price tag of C$7,795, including a casette player, Michelin tyres and a rear-window defroster.

Hyundai's price advantage is partly due to the benefits that South Korea still enjoys under the system of preferential customs tariffs

In terms of these concessions, Hyundai is not subject to the 10 per cent duty levied on other car imports. A 6 per cent duty will be imposed at the beginning of 1987. The Koreans are also not constrained by the "voluntary" export curbs imposed on Japanese cars since 1981. Formal quotas were ended earlier this year, but the Japanese have informally agreed to "avoid disruption" of the local market, restricting their sales to about 18 per cent of the total.

With the Canadian vehicle market strong, Japanese carmakers are lobbying hard for removal of the restraints. They are supported by General Motors, which has a 5 per cent interest in Suzuki and a 58 per cent stake in Isuzu. GM can sell only about 4,400 of its Suzuki and Isuzu-assembled cars in Canada this year, forcing it to confine its marketing efforts to British Columbia.

The Canadian Government seems unlikely to lift the restraints in the near future. First imposed to prevent a diversion of Japanese exports to Canada in the wake of U.S. quotas, the curbs have become the Canadian Government's most powerful weapon to encourage foreign investment in the domestic motor industry.

As recently as last July, Mr Sinclair Stevens, the Industry Minister, noted disapprovingly "the very low level of Japanese automotive investment in Canada coupled with the tendency to date of Japanese vehicle manufacturers to concentrate their North American investments in the U.S."

No such criticism has been levelled against the Koreans. Mr Norman Gibbons, Hyundai Canada's senior vice-president said: "The Government never ever asked us to make any investments in this country. We made our investment announcements before anyone recognised we were a threat (in the market)."

In return for Government permission to set up a Canadian subsidiary, Hyundai undertook to buy parts from Canada equal to at least half the value of cars exported to the country.

The Koreans bought parts worth C$8.8m in Canada for their assembly plant last year, more than half the value of purchases by all Japanese manufacturers.

Pointing out that "our game plan was to make our share of the market at the expense of the Japanese," Mr Gibbons said: "We did half the parts business in our first year that all those guys combined did after 15 or 20 years."

Hyundai has also been among the leaders in fixed investment. Construction of a C$25m parts plant is already under way at Newmarket, north of Toronto, and the company recently announced plans for a C$300m assembly line producing 100,000 cars by 1990.

Prior to Hyundai's announcement, the only substantial automotive investment in Canada announced by the Japanese was a Toyota wheel plant in British Columbia and a Honda assembly line at Alliston, north-west of Toronto, with a relatively modest capacity of 40,000 cars a year.

Since then, Toyota has unveiled plans for a 100,000 cars-a-year facility and several other projects are said to be under discussion. Mr Patrick Lavelle, president of the Canadian Automotive Parts Manufacturers Association, said the Government "has been using the Pony as a club to beat the heads of the Japanese."

But Ottawa is still not satisfied with the Japanese companies' commitment, partly because the authorities seem to doubt whether some of the Japanese plans will become reality.

Alsthom signs Cairo train deal

ALSTHOM, the French electronics company is expected to sign a letter of intent with Egypt at the end of this week for the supply of 48 trains for the Cairo underground, Reuter reports from Paris.

A final contract, which is unlikely to be signed for another seven months, could be worth around FFr 800m (£69m), said a company official. The contract could also lead to another deal worth around FFr 100m for maintenance work.

AP-DJ adds from Milan: Tecnimont, the engineering subsidiary of Montedison, will build a plant in Egypt for production of 4,500 metric tons a year of polypropylene film. The factory will be completed near Cairo by 1987, a Montedison official says. Montedison did not report the amount of the Tecnimont contract.

Israelis win parts contract

AN ISRAELI manufacturing consortium, led by Israel Aircraft Industries (IAI), yesterday signed a contract, worth $20m. (£14.5m) to produce helicopter components for McDonnell-Douglas, the US aerospace company, writes Walter Ellis from Tel Aviv.

Israel hopes the contract will be the first of several with American aerospace concerns.

Most ambitious of the deals still under consideration is a proposed joint venture to produce an advanced jet fighter, the Lavi. But this project is certain to prove extremely expensive, and there are fears the US might expect a lot of the development to be financed in Israel.

Work on the McDonnell-Douglas contract will begin in six to eight months. A total of 10 Israeli companies is involved,

Taiwan investors move secretly into China

BY BOB KING IN TAIPEI

SEVERAL Taiwan nationals have quietly begun setting up joint-venture enterprises in the Chinese province of Fujien, despite strict prohibitions by the Taiwan Government on any direct contacts, trade, or business with the mainland Chinese.

A Hong Kong-based China-watcher this week confirmed persistent rumours in Taiwan that China has had some success in encouraging Taiwanese participation in its economic development - programme. He said as many as ten projects invested in by Taiwan nationals are either running or under discussion in the Xiamen economic zone, and another two or three in Guanzhou province.

He added that at least three, and possibly as many as five Taiwanese investors have been given large tracts of land near the Fujien port of Quanzhou as part of a "national experiment" in commercial co-operation between Taiwan and China. The authorities in Beijing have selected Fujien as the focus of their business dealing with Taiwan because the two provinces lie closest to each other, and because they share a common culture and language.

The Taipei Government has for years prohibited direct dealings with China, with whom it has technically, been at war since the 1949 Chinese Revolution, although it has for some time turned a blind eye to indirect trade through third countries. Last month, a Taiwan security agency announced the arrest and detention of three Taiwan Nationals who it claimed had earlier this year entered China to arrange business deals.

Peking's efforts to woo Taipei back to the fold have included calls for trade and communications links, as well as the right for citizens from both sides to travel back and forth. Taiwan has rejected these and other proposals as "sugar-coated poison."

But the rhethoric has not dulled Taiwanese appetite for business, especially with what many consider a natural market for this island. Last year Taiwan exported $426m worth of goods, mostly machinery and transportation equipment, through Hong Kong: During the first half of this year alone the figure was $530m. China, in turn, sold Taiwan a meagre $70m in goods, mostly medical herbs and foodstuffs, through the same route.

But it is direct links that China seeks, and is apparently starting to receive. Sources say that two-way trade through the ports of Hui-An and Quanzhou alone last year reached $10m worth; for all of Fujien the figure was $30m, but in the first quarter of this year, Quanzhou alone cleared $30m worth of direct trade, and officials are predicting that total direct trade between Fujien and Taiwan this year will amount to $300m.

For Taiwanese willing to invest in China, the Fujien authorities offer such incentives as tax holidays, access to credit at modest interest rates, and the right to purchase land outright.

One investor, who prudently obtained a foreign passport before starting a venture, makes plastic sandals in co-operation with a village near Quanzhou.

China's Inner Mongolian region and the Soviet-allied People's Republic of Mongolia have signed their first frontier trade agreement, the New Guinea News Agency said yesterday, Reuter reports from Peking.

Under the $230,000 pact the Chinese region will export light industrial products and import paper and shoes. There will also be exchanges of rice and flour.

UK NEWS

British Steel sheds 300 Scottish jobs as orders decline

BY ANDREW FISHER

BRITISH STEEL said yesterday that 300 workers in its Scottish tubes division would be made redundant because of a fall in orders. The news brought a strong reaction from steel union representatives and politicians.

"I am extremely disappointed," said Mr John Smith, the opposition Labour Party's industry spokesman. "This means further unemployment in an area which already has unacceptably high levels of unemployment."

BSC, which employs 2,500 people at its Imperial Works in Airdrie and at the Clydesdale works in Bellshill, Lanarkshire, said a sudden rise in demand for oil industry pipe products caused it to take on 240 more people in mid-1984. But they were on temporary contracts as a result of uncertainty about the longer term strength of the market.

"A decline in orders in recent months has shown that this caution was justified," BSC said. The corporation added that it was unlikely that demand over the next 18 months would return to previous levels. The redundancies will be split between Clydesdale, where 211 jobs will go, and Imperial, where 89 will be lost.

BSC said that in addition to short-time working, recently introduced after talks with employees' representatives, it proposed to cut production capacity to standard levels now that the earlier rise in demand had subsided. It pointed out that BSC had invested £22m in a continuous casting plant at Clydesdale, that would provide low-cost high-grade steel for tube-making.

Mr Smith said: "BSC should be adoption a more aggressive policy so as to grab a bigger share of home and export markets."

Virgin group wins enterprise awards

BY LISA WOOD

THE VIRGIN Group, record, airline, retail and visual media interests, yesterday received the Confederation of British Industry Business Enterprise Award and was named its company of the year.

Mr Richard Branson, chairman and chief executive of Virgin, was presented with the award by Mr Peter Walker, Secretary of State for Energy, at a charity lunch.

The Virgin Group employs more than 1,700 people and over the last four years has increased turnover from £30m a year to a projected £200m this year. Some 50 per cent of turnover is generated from overseas. Profits for the year to January 1985 were £12m on sales of £153m.

Although the company has no immediate plans to go public, Virgin recently offered some institutions a 5 per cent discount on the price of its shares should it list in the next seven years. Twenty-five institutions have subscribed £25m to the placing.

The Business Enterprise Award was established in 1980 to support the Royal Society for Mentally Handicapped Children and Adults (Mencap). Sponsors of the 1985 award include the CBI, Barclays Bank, Lloyds Bank, the Henley Management, College and the Sunday Telegraph.

Job loss 'harming health' of workers

By Lisa Wood

DOCTORS yesterday reported a significant increase in illness among redundant workers and concluded that unemployment is leading to dramatic increases in workload and cost for the National Health Service.

The results of a study of workers, before and after their factory closed, are published in the Journal of the Royal College of General Practitioners.

A link between unemployment and illness has long been suggested but few long term studies have been conducted into the health of a group of people before and after redundancy.

The study, by Dr Norman Beale, a general practitioner, and Ms Susan Nethercott, a medical statistician, analyses what happened to the health of 129 workers at a food factory in south-west England, which closed in 1982.

The study compared the number of visits to the doctor made by the workers and their families over an eight year period both before and after they were threatened with redundancy.

Job Loss and Family Morbidity, A Study of a factory Closure. Journal of the Royal College of General Practitioners 1985.

Foreign banks move to create regulatory body

BY JOHN MOORE, CITY CORRESPONDENT

FOREIGN bankers and brokers operating in London took another step forward yesterday in creating a body to regulate their own affairs in Britain's financial community.

A steering committee formed of 26 representatives of some of the world's most influential financial groups held its first formal meeting to establish the International Securities Regulatory Organisation (ISRO).

It is intended that the ISRO will seek recognition from the Securities and Investments Board (SIB), which is to be the British financial community's main regulatory body, to police the business of international securities business in London.

The Stock Exchange has been worried about the initiative and has argued that the move might lead to fragmentation of the market in UK securities. It has said the standards of investor protection might be undermined.

The Stock Exchange is to explore the possibility of developing a joint investment exchange with the foreign bankers and brokers' steering committee. The new exchange would allow the participation of members of the Stock Exchange and ISRO members. The new exchange would have to seek approval from the SIB.

But yesterday Mr Ian Steers of Canadian broker Wood Gundy, who is chairing the steering committee, ruled out the possibility of a joint exchange as premature. He said: "We have still got to consider all the possibilities." Another meeting is planned next week of the steering committee and foreign bankers and brokers to discuss future policy.

The steering committee and six sub-committees announced yesterday are formed of representatives of the world's most influential financial groups.

The six committees formed are:

- The Executive Committee, which will co-ordinate all the work of the group.
- The External Committee, which will negotiate with outside bodies and follow the progress of the Financial Services Bill in Parliament.
- The Legal Committee, which will deal initially with problems of definition, such as the product scope of the self-regulatory organisation
- The Constitutional Committee, which will deal with the constitutional structure of the new self-regulatory organisation.
- The Establishment Committee, which will be responsible for budgets and the initial recruitment of staff.
- The Recognised Investment Exchange Committee, chaired by Mr R. Jaquet of Les Fils Dreyfus & Cie. Mr Jaquet is vice chairman of the Association of International Bond Dealers. It committee will be responsible for the negotiations with the SIB concerning the role of the Association of International Bond Dealers as a designated overseas exchange for Eurobond trading.

So far, the SIB has envisaged the the ISRO will become a recognised self-regulatory organisation. The board has foreseen that the members of the ISRO would participate on three recognised types of exchanges – the Stock Exchange, an exchange formed of members of the Association of International Bond Dealers and recognised overseas exchanges. That plan might change in coming weeks.

UK NEWS

Clive Wolman looks at the collapse of the Nationwide-Woolwich merger plan

Last-minute doubts on marriage

ON WEDNESDAY afternoon, the board of Nationwide Buildings Society met to discuss the details of their merger plans with the Woolwich. No member knew that the previous day the Woolwich had made their discussions redundant.

It was only after the four-hour meeting was finished that one of the managers telephoned the Woolwich to arrange to meet that evening – only to be told that the merger was off.

As a consequence, the Halifax and Abbey National building societies are left as the unchallenged giants of the building society movement. In the near future, they will probably be the only ones with sufficient resources to offer the full range of the new financial and housing services that building societies will be allowed to provide from January 1987 under forthcoming legislation.

Mr Tim Melville-Ross, Nationwide chief general manager, suggested yesterday that the society might seek another merger partner, but not in the immediate future. According to Mr Robert Moffat, Nationwide's marketing manager, the Woolwich provided the best possible match because of the physical proximity of the two societies' head offices and their similar marketing and business philosophies.

The Woolwich building society, which lost its place last month as the fifth largest society in terms of assets when the Alliance and Leicester building societies completed their merger, has also ruled out any plans to seek an alternative merger partner.

The only possible candidate sufficiently large to allow it to challenge the two mega-societies would be the Leeds Permanent building society, the fourth largest, which in March abandoned its proposal with a smaller society.

Mr Donald Kirkham, deputy chief general mahager, said: "We have come to the conclusion that being bigger is not necessarily more beautiful. We are already big and beautiful enough."

The breakdown of the merger plans highlights the difficuties of persuading two large mutual organisations to merge their operations when the management of either society can cast a veto at any time. The forthcoming building society legislation will at least give a would-be partner access to the membership list of a target society, so that it can appeal directly to the members over the heads of the management.

In this case, the breakdown came after 12 months of negotiations between the two societies and four months after the proposals were first made public. The cause of the breakdown was not opposition from the staff, which proved an obstacle in the Alliance-Leicester merger, nor from depositors or borrowers, as the two societies offered similarly structured services. Nor, apparently, was there any dispute over the allocation of jobs between the chief managers and directors.

Mr Alan Cumming, the Woolwich's chief general manager for the last 18 years, agreed to step down in favour of Mr Melville-Ross several months ago. However Mr Cummings who has been in hospital during the past week, is expected to continue in his position.

But at the levels of management below the top tier, there was more dissatisfaction, at least in the ranks of the Woolwich. They claimed yesterday that the Woolwich allowed its junior head-office managers to participate more in decision-making than the Nationwide has traditionally done.

For its part, the Nationwide says that since Mr Melville-Ross took over a year ago, management decisions have been taken after widespread consultation. The Nationwide says it extends the principle of decentralisation to its individual branch managers, who are given more discretion and less stringent head-office guidelines than their counterparts in the Woolwich.

The Nationwide says its system of management, its auditing controls and guidelines, for example on who to lend money to and how much, would have been better suited to a society that would have had over 900 branches, the largest network in the UK. The Woolwich's systems of control had grown up too quickly, it said. It also proposed that the Woolwich abandon its computer system and transfer to the Nationwide's.

Managers at the Woolwich objected to what they saw as the "arrogance" of the Nationwide in claiming that its methods of organisation were superior. A breakdown was inevitable when the working parties of the two sets of managers covering the different aspects of the merger became increasingly riven in recent weeks by disputes, Woolwich managers say.

It was after hearing the reports of the working parties on Tuesday that the Woolwich decided to call off the merger. However, it decided not to inform the Nationwide board of its decision until after its meeting the following day.

Mr. Kirkham gave as the main reason for the decision the projected costs of integrating the operations of the two societies, which, even after five years, would be "materially" greater than the accruing benefits. The Woolwich, he said, had always been a very cost-conscious society and had one of the lowest ratios of management expenses to assets in the movement.

In response, the Nationwide says it had always taken a much longer-term view of the merger and had not been looking at it as a way of cutting costs. But it continues to believe that size and the ability to offer a comprehensive range of financial services to customers will be an increasingly important competitive factor.

CBI seeks more cash for roads and railways

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

THE CONFEDERATION of British Industry is calling for increased government spending on the infrastructure as the best way of tackling unemployment.

In a report published by the CBI today Sir Terence Beckett, its director general, calls for action to improve Britain's road, rail and water networks, to be financed by improving efficiency and cutting out waste in the health service, in government, and in local government.

"Increased infrastructure spending can be financed within the Government's financial strategy," says the report.

"There is a sound financial basis for the funding of these projects because the resources could be found through savings in the Government's current expenditure."

"Decisions are required now," says Sir Terence. "If we wait, we shall miss the opportunity to build on the current economic recovery, and risk dropping back further in the league table of international competitiveness."

The report argues that "with the prospect of a slowdown in growth next year, and continued problems with competitiveness, the outlook for jobs is gloomy."

"By spending extra money on infrastructure projects with a high rate of return, business costs would be significantly reduced. This provides the best basis for an increase in employment."

The report particularly points to the need for action on Britain's roads, railways, water systems, buildings and derelict land.

It calls for a study on rail commuter services in the London area to see if the current operation can be improved; increased investment in the water network and an extra £750m a year to be spent on improving the road network.

• *The Fabric of the Nation II, CBI publications sales, 103 New Oxford Street, London WC1A 1DU, £3.*

Royal Doulton to increase staff by 300

By Lorne Barling

ROYAL DOULTON, one of the leading British producers of fine porcelain, is to increase its workforce by about 300 over the next 12 months to meet rising international demand for its products, particularly from Japan.

This follows a considerable improvement in the company's fortunes in the past 12 months, during which North American demand has improved and an additional 300 workers have been taken on at its factories in Stoke-on-Trent, central England.

Mr Stuart Lyons, managing director, said yesterday that Japan was now as important as the continental European market and an office was being established in Hong Kong to service the increasingly important Pacific countries.

An overall rise in demand has led to the reopening of the company's Regent works at Stoke-on-Trent and over the next 12 months there would be an increase of output.

"We have seen an worldwide surge in sales, with a 50 per cent improvement in Japan. In the United States and Canada we have increased our market share considerably. The company is doing particularly well on fine tableware and figurines, with a strong recovery overseas."

UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF ALABAMA

In re:

Case No. 83-00373
MARION CORPORATION
Debtor

ORDER AND NOTICE OF HEARING ON DISCLOSURE STATEMENT

To the Debtor, its Creditors, and Other Parties in Interest:

A First Amended Chapter 11 Plan having been filed on October 9, 1985, and a Disclosure Statement under Chapter 11 of the Bankruptcy Code having been filed on October 22, 1985, by Debtor, Creditors, Shareholders and Skylink America, Inc., it is ordered and notice is hereby given that:

1. The hearing to consider the approval of the Disclosure Statement shall be held at Room 308, United States Court House, Mobile, Alabama, on December 5, 1985 at 2.00 p.m. The hearing may be adjourned from time to time by oral announcement made at Room 308 at the scheduled and adjourned hearing times.

2. November 21, 1985 is fixed as the last day for filing and serving in accordance with Rule 3017(a) written objections to the Disclosure Statement. Objections to the disclosure statement shall be filed with the Court and served on Ronald P. Slepian, Attorney for Debtor-in-Possession, P.O. Drawer 2025, Mobile, Alabama 36652; Donald J. Stewart, Attorney for Bank Creditors, P.O. Box 2906, Mobile, Alabama 36652; Lawrence B. Voit, Attorney for Creditors' Committee, 4317-A Midmost Drive, Mobile, Alabama 36609; John Loring, Attorney for Subordinated Guarantyholder Committee, 700 West Irving Park, Suite A-1 Chicago, Illinois 60613; and Joel S. Piassick, Attorney for Shareholder Committee, 2400 First Atlanta Tower, Atlanta, Georgia 30383.

3. With a copy of this order and notice, Marion Corporation, Chapter 11 Debtor-in-Possession, shall transmit the Disclosure Statement and First Amended Chapter 11 Plan to the Debtor, each committee appointed pursuant to §1102 of the Code, the Securities and Exchange Commission, and any party in interest who has requested or requests in writing a copy of the Disclosure Statement and First Amended Plan.

4. Requests for copies of the Disclosure Statement and First Amended Chapter 11 Plan shall be mailed to the Debtor-in-Possession, c/o Ronald P. Slepian, Attorney for Debtor-in-Possession, P.O. Drawer 2025, Mobile, Alabama 36652.

Dated: November 6, 1985.

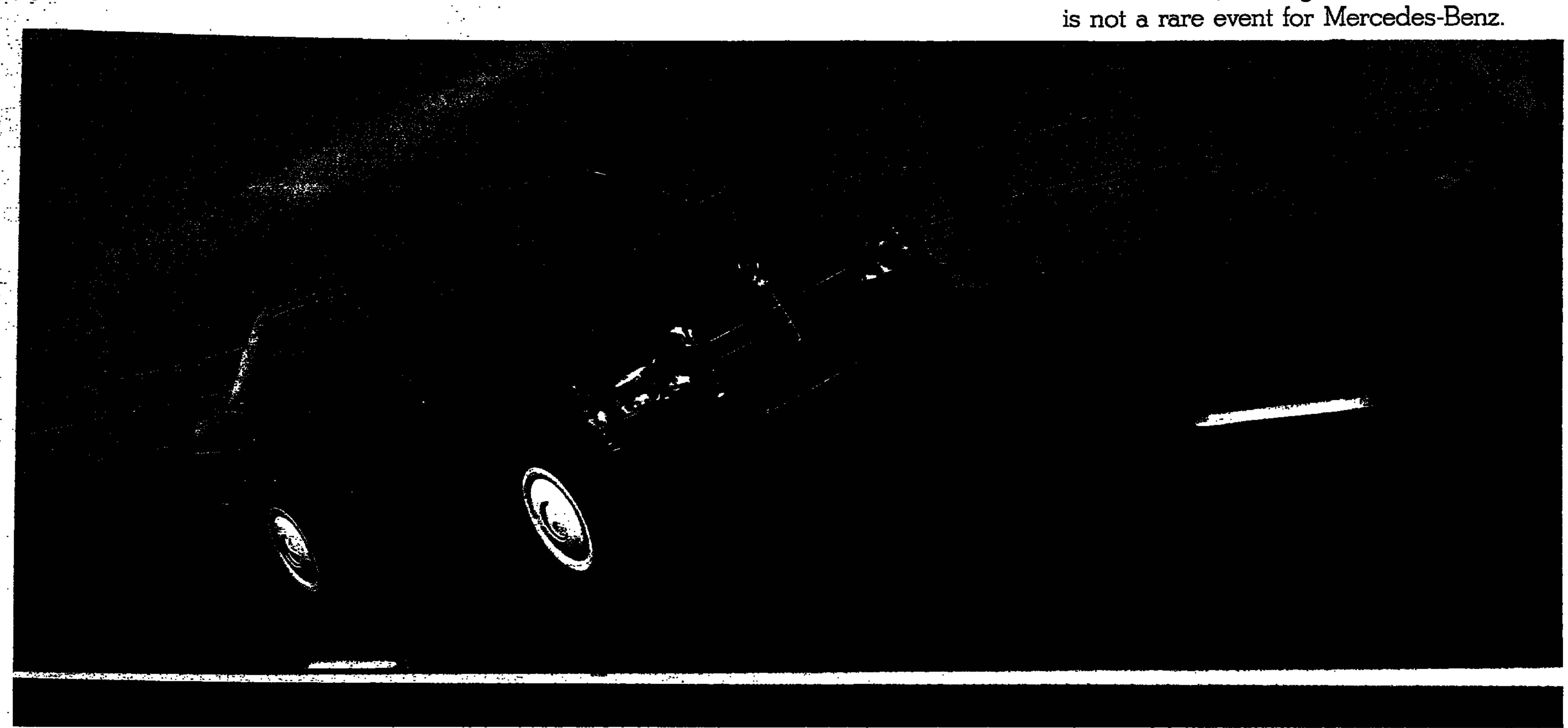
GORDON B. KAHN
United States Bankruptcy Judge

You'll find its pedigree in the record books.

On Friday August 12th 1983 a high performance version of the standard Mercedes-Benz 190E pictured here was taken for a test drive around the Nardo circuit in southern Italy.

Nearly 8½ days later, it had covered 50,000 kms, averaging 154 mph. Without breaking anything – except 3 world records.

Of course, entering the record books is not a rare event for Mercedes-Benz.



THE MERCEDES-BENZ 190-SERIES

Typically, it's a Mercedes-Benz that claims the record for durability: a 180D with 1,184,000 miles on its clock.

These standards of engineering excellence were achieved by following our founder's maxim, 'The best or nothing.'

Likewise, the 190-series sacrifices no Mercedes-Benz principles. It combines the agility of a sporty compact car with the legendary smoothness of the Mercedes-Benz ride.

A unique rear suspension system enables the 190 to round the sharpest corners with precision and unflappable ease. While its smooth engine gives an eager response, just when you need it.

And with a drag-coefficient of only 0.33, the 190 moves like the wind. With interior noise levels at barely a whisper.

Its heating system allows temperatures to be adjusted separately for each side of the car.

While its single blade wiper clears the rain from a record 86% of the screen, more than any other wiper in the world.

Choose from the 190, the fuel-injected 190E or the quiet diesel-engined 190D.

All built to standards of engineering with a proven track record.

Mercedes-Benz

Engineered like no other car in the world.

THE 190-SERIES OFFERS THREE ENGINE OPTIONS: THE FUEL-INJECTED 121MPH 190E, THE 115MPH 190 AND THE 100MPH DIESEL 190D.

UK NEWS

Terry Povey on the latest to emerge from the JMB affair

How bankers dealt with Sipra

AS THE BANK of England accelerates the pace of moves to sell Johnson Matthey Bankers, which it acquired more than a year ago, more details are emerging of the confused chain of events as attempts were made to recover money from leading debtors.

Some senior Bank officials now in place at JMB accept that the way negotiations were handled is open to criticism.

The issue focuses on the 10-month-long negotiations with Mr Mahmoud Sipra, the shipping, trading and film magnate whose empire collapsed when JMB halted funding in late September 1984.

After the Bank-led £248m rescue of JMB was mounted on October 1 1984, Mr Sipra's group of companies emerged as the largest debtor, owing about $70m.

The Bank continues to deny allegations by Mr Brian Sedgemore, the Labour MP, that some officials were involved in conspiracy to utter forged documents, forgery, conspiracy and back-dating documents.

But senior Bank officials believe that the many attempts to reach a settlement with Mr Sipra did little to help recover debts. One even goes so far as to describe them as "daft."

In March, lawyers and advisers acting on behalf of JMB proposed to Mr Sipra an "agreement to settle obligations" which, if it had been agreed to and not defaulted on, would have led to a maximum of just over $11m being recovered over a nine-year period.

This would be in addition to a total of about $33m comprising money recovered from the accounts of Sipra companies with JMB, the proceeds of the sale of the Ardmore Film Studios in Ireland, the revenues from the distribution of the film Jigsaw Man and some smaller items.

Also in the March proposals to Mr Sipra, JMB said it was willing to wait six months for him to pay £105,000 to discharge JMB's claim on his London house. It would also drop all other legal action against Mr Sipra.

Mr Sipra was asked to agree the overall debt level, which was in dispute; assist JMB in recovering assets; acknowledge that JMB had first claim over the film studio; and drop a $300m court action in the US against JMB and the Bank claiming that they had broken agreements with him and destroyed his business.

The payments to JMB would have been $25,000 on execution of the agreement, another $75,000 within six months, $1m a year for six years (starting two years afterwards) and in year nine a maximum of $5m, depending on Mr Sipra's financial position at the time.

Mr Sipra refused to accept these terms and negotiations continued. In late May the US court action lapsed. In June JMB released its claim on the equity in the house for £85,000. The Bank has denied allegations that this sum was too little, saying that in the light of an independent valuation and an outstanding mortgage of £320,000 it represented a full recovery.

But an official this week, while continuing to insist that the action did not signify any softening of attitudes towards Mr Sipra, conceded: "If it turns out that this was less than could have been obtained from a sale, then we shall be rightly criticised."

On June 24, a few days after the house deal was completed, a new proposal in the form of a "draft letter of comfort" was sent to Mr Sipra. This called for him to pay $1.1m after two years, following which there would be discussions, which would not be legally binding, on further payments.

This scaling down of demands on Mr Sipra gave him scope for believing that he had bargaining power over JMB. Senior Bank officials also now doubt whether any of the agreements offered to Mr Sipra would have assisted JMB to recover more money than looks likely without his co-operation.

They also doubt whether the various proposals would have won approval from the Bank.

Asked about these events, an official said this week: "Yes, it is daft. All these matters are now in the hands of the liquidator." Direct negotiations with Mr Sipra, whose current whereabouts are uncertain, were abandoned in late-July.

The Bank adamantly denies Mr Sedgemore's allegations that some officials acting on behalf of JMB had been involved in attempting to get Mr Sipra to sign backdated letters authorising the transfer of cash from various accounts to repay loans.

An official has, however, accepted that Mr Sipra was asked some time this year to sign undated letters confirming verbal authorisations said to have been given by him in September 1984 to transfer $9.7m from the accounts of two companies to repay loans.

Senior officials now accept that these attempts at maximising recovery were unsatisfactory and that from now on matters would be handled by the liquidators, who would have the full co-operation of the Bank, JMB and the various advisers.

Meanwhile, the Ardmore Film Studios in Ireland have been sold for some $1m to MTN Productions, the Mary Tyler Moore-owned television programme production company. Mr Sipra bought the studios for $1.15m in mid-1984 – with money JMB says it lent him.

A court case is going on in Dublin to determine who the main beneficiary of the sale revenues should be. Mr Sipra has refused to sign letters sent to him by JMB that would acknowledge JMB's claim.

Strike threat at dockyards

TRADE UNIONS in UK military dockyards threatened yesterday to strike over government plans to privatise their management, writes David Thomas.

The Government's intention was announced in the Queen's Speech to Parliament on Wednesday.

NUT may continue disruption regardless of smaller unions

BY DAVID BRINDLE, LABOUR STAFF

LEADERS of the National Union of Teachers (NUT), the biggest teaching union, warned yesterday that their members might continue disruptive action in schools in England and Wales regardless of a pay settlement agreed by the smaller unions.

Mr Fred Jarvis, the NUT's general secretary, said: "I am not making any commitment to call off action at all."

The threat came as 2,000 NUT members joined 1,000 Scottish teachers, who are involved in a separate dispute, in a lobby of Parliament to press their pay claims.

Mr Jarvis reiterated that the NUT would not water down its demands to secure an early settlement. Any agreement, he said, must include moves towards restoration of the claimed 34 per cent erosion in teachers' pay levels since the 1974 Houghton awards.

"There has to be a beginning of the process of restoration this year and a clear commitment to complete the restoration process," he told a news briefing.

Leaders of the smaller teachers' unions, which now have a majority on the Burnham pay negotiating committee, are expected next Monday to seek to reopen pay talks in the hope of a modest improvement on the last offer of 6.9 per cent, or 7.5 per cent in a full year.

The National Association of Schoolmasters/Union of Women Teachers, the second biggest teaching union, has decided to call a ballot of its members on any settlement agreed by the smaller unions in Burnham.

Channel link inquiry urged

MR JIM SLATER, general secretary of the National Union of Seamen, called yesterday on the Government to submit the proposal for a fixed Channel link to a public inquiry, Our Labour Staff writes.

Mr John Newman, deputy general secretary of the Merchant Navy officers' union, Numast, said a fixed Channel link would disastrously affect the UK economy and existing job opportunities.

DISPUTES COULD THREATEN INVESTMENT PROGRAMME

GM warns unions over strikes

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

GENERAL MOTORS' vehicle companies in the UK, Vauxhall and Bedford, suffered more than 165 strikes in the 12 months up to the end of September, the group claimed yesterday.

It warned that future investment plans could be jeopardised if production continued to be interrupted by disputes.

The warning comes as Vauxhall faces the possibility of further stoppages over a pay claim and the number of cars it has been importing.

GM claims that in the past year it has lost 1.4m working hours and production of 18,200 vehicles worth over £36m at showroom prices.

Mr David Young, Vauxhall personnel director, said the lost production could never be made up. "These vehicles are gone for good – vehicles which could have been made in Britain."

He recalled that he had warned about wildcat disputes in June, but they had continued. "In the past two months alone we have had over 20 strikes and walk-outs including a 48-hour strike over the disciplining of one man which cost £12m in lost production at Luton."

In a separate statement to employees, Mr John Barber, Vauxhall's Luton plant manager, said "The worst thing that can happen to us is strike action to demonstrate our unreliability. There is a need to plan investment ahead and in the 1970 s the dispute record at Vauxhall's car plants denied us further investment."

Union officials dispute the figures issued by the company. A Transport and General Workers' Union spokesman said the figures included stoppages lasting from a few minutes up to a number of days.

"We do not wish to say any more about this as it just highlights something which is mostly of the company's making." he said.

New Saab launch should boost sales

BY JOHN GRIFFITHS

THE much-delayed launch of a new top model for Saab Great Britain, the 9000 Turbo 16, which went on sale last month, is expected to help the company lift total UK sales next year to 9,500 units.

This would match the previous sales peak for the company, achieved in 1983, and represents a considerable turnround from 1984, when sales slipped back to 8,800 units.

The higher unit sales figures forecast for 1986 would understate an already significantly improving financial picture, Mr Roy Clements, sales and marketing director, said yesterday.

The new 9000 Turbo 16 model – to be joined by a slightly cheaper fuel injection version next year – would account for some although not all, of the unit sales increase. A list price for the Turbo model of about £16,000 offered the potential for significantly higher profits, said Mr Clements.

The proportion of sales taken by the more expensive models in Saab's range has already moved up substantially during this year, said Mr Clements, with turbo-charged versions of its model 900 accounting for 20 per cent of the total, and fuel-injected cars – considerably more expensive than basic carburettor models – accounting for a further 60 per cent.

Saab also says the relatively low sales of the past two years were partly because of model changes – production of its smallest car, the 90, has ceased, while the 9000 model originally was intended to have been launched in the UK during March. Production start-up problems at the Swedish factory are blamed, the 9000 being the first all-new car from Saab since the late 1960s.

The company's 143 dealers, reduced over several years from about 200 and now considered to number close to the optimum, are receiving considerably higher financial returns and, Mr Clements said, "the need for discounting has considerably diminished."

Saab is making no financial forecasts for the year but appears to be expecting a further gain on 1984, when it made a pre-tax profit of £2.43m on a turnover of £75.83m, and 1983, when it made £2.15 pre-tax on a turnover of £69.85m.

Last year's performance allowed Saab (GB) to remit a dividend of £1.4m to its Saab-Scania parent, against £600,000 in 1983.

The renewed strength which the 9000 cars should provide in the market – "We're already getting lots of converts from Mercedes and Jaguar," according to Mr Clements – is seen as helping to justify Saab's recent decision to invest £4.5m in a new headquarters to be built at Marlow, Buckinghamshire, on a site adjoining its existing headquarters.

On completion, scheduled for early 1987, it will allow the company to rationalise all its UK operations.

Sharp fall in UK van market

By Our Motor Industry Correspondent

SALES of medium and heavy vans dropped sharply in the UK last month because Ford is running out of Transit vans, the country's best-selling commercial vehicle. Production of the Transit has ended because it is to be replaced early in 1986 after 21 years.

Its sales fell to 1,575 last month compared with 3,118 in October last year. Ford says there is no lack of demand but it has hardly any stock left.

The Transit is so important that the fall in its registrations caused total UK medium and heavy van sales to drop by 8.4 per cent last month from 9,724 to 8,903.

It enabled Freight Rover, the BL subsidiary that makes Sherpa vans, to gain market leadership for the first time. However, over the first 10 months of this year the Transit remained well ahead and the total medium and heavy van market was up 4.2 per cent on October 1984 to 104,869.

Daimler-Benz, the West German Mercedes group, continued to outsell Bedford, the General Motors subsidiary, and to keep third place in the heavy vehicle sector – the first time an importer has reached such a high place in the UK ratings.

According to Society of Motor Manufacturers and Traders' statistics, commercial vehicle sales last month were 8.37 per cent higher than in October 1984 at 24,070.

Short Bros drive for religious equality

By Our Belfast Correspondent

SHORT BROTHERS, the state-owned Belfast aircraft company, is making radical changes to its recruitment procedures to ensure that Roman Catholics have an equal chance of getting jobs.

The changes include giving a board member specific responsibility for monitoring the fairness of recruitment. Management consultants have been appointed to advise on ways of improving the recruitment methods.

Shorts said the moves were part of a programme agreed with the Northern Ireland Fair Employment Agency, a government body set up to police legislation that outlaws discrimination on religious grounds.

The company, which has 7,000 predominantly Protestant workers, has been accused of discriminating against Catholics. It strenuously denies the claims, and yesterday Sir Philip Forman, the chairman and chief executive, said the changes would help to ensure that justice was not only done but seen to be done.

The issue of fair employment was used by Irish-American pressure groups in the US to try to stop Shorts winning a £120m order for 18 Sherpa supply aircraft for the US Air Force (USAF) last year.

The order was secured but the USAF also holds options on a further 48 aircraft, which Shorts is anxious to see taken up.

Satellite towns' assets service launched

THE Commission for the New Towns, charged by the Government with the disposal of more than £1bn worth of land and property to the private sector in 12 of England's satellite towns, last night opened a "one stop" centre for industrialists seeking property, writes James McDonald.

The London centre will offer immediate information about sites and property in the towns.

The centre will also provide potential investors with a range of investment opportunities in the areas on offer, the commission said.

Turmoil after Papandreou's overdue austerity moves

By Andriana Ierodiaconou in Athens

OCTOBER 18 marked the fourth anniversary of Socialist Government in Greece. Nobody, had any thought of celebrating. Since the announcement a week earlier by the Socialists of an economic austerity programme designed to curb runaway current account and public sector deficits and bring foreign borrowing under control, Greece has been plunged in gloom and labour turmoil.

The centre stage is held by Dr Andreas Papandreou who, as Prime Minister and leader of the "Panhellenic Socialist Movement" (Pasok), is the main, if not the exclusive, arbiter of Government policy in Greece today.

For Dr Papandreou, making what amounts to a U-turn in his administration's economic policy stick without leading Pasok to suffer serious internal erosion, or loosening the party's hold on power, poses the toughest challenge of his four-year premiership.

For Greece, the success of the austerity regime as measured both by the willingness of the public to accept it and the Government's efficiency and determination will mean that the country has finally started to tackle an economic crisis which has been at least a decade in the making.

Failure, on the other hand, will deepen that crisis. It could also trigger a shift in the political kaleidoscope towards instability, by weakening Pasok at a time when neither the opposition parties to its left nor to its right offer a viable government alternative.

The Conservative "New Democracy" Party, Greece's main Opposition group, with 116 Deputies in the 300-member Parliament, has suffered a minority split and is faction-ridden and demoralised in the wake of the June general elections, in which Pasok trounced the Right for the second time

Dr Andreas Papandreou, the Greek Prime Minister

running, with 46 per cent of the vote. The electoral strength of the pro-Moscow Communist Party of Greece (KKE), the other significant opposition group, is in decline—the Communists lost one seat in June and are down to 12 in the House.

From the point of view of enjoying a free political field, Dr Papandreou's timing for springing the austerity measures on the public could hardly be faulted, unless to say that the Socialists had an equally good if not better opportunity in 1981, immediately after their first, historic election victory.

From the economic point of view, the new austerity measures are long overdue. Greece's current account deficits began to get out of hand with the first oil shock of 1973, reaching 7.3 per cent of GNP that year. Since the second oil shock of 1979 they have ranged between US$1.9bn and $2.4bn or 4.9 and 6.6 per cent of GNP, reflecting a decline in vital invisible earnings from shipping, immigrant worker remittances and, to a lesser extent, tourism.

Private capital inflows, which up to 1979 covered about 90 per cent of the deficit, have since fallen to about 40 per cent, contributing to a virtual trebling of Greece's foreign debt between 1978 and the end of 1984, to $12.3bn according to central bank figures and over $18bn according to OECD/BIS figures.

Public sector deficits have also risen with the net public sector borrowing requirement expected to top 18 per cent of GNP this year. Since 1981 high deficits have not only reflected poor housekeeping, a sin pertaining to other Greek administrations as well, but also the Socialists' conscious choice to boost social welfare and public investment spending as well as raise real incomes at a time of almost flat growth. The deficits have fuelled inflation, which is running at an annual rate of about 20 per cent.

The Governments stabilisation package aims to reduce external and domestic deficits by inhibiting imports while boosting exports, and increasing public revenues while cutting back on expenditures. Targets have been set of a current account deficit of $2bn and a net PSBR of 14 per cent of GNP by the end of 1986.

The key features of the package are:

● A 15 per cent devaluation of the drachma.

● A requirement for a six-month non interest bearing deposit with the Bank of Greece equal to 40 or 80 per cent of the value of certain categories of imports, representing about 40 per cent of imports into Greece.

● A two-year wage and salary freeze to the end of 1987, coupled with a drastic modification in the existing system of wage indexation.

● A reduction in real government consumption and investment expenditure, to be clarified in the 1986 budget expected to be presented this month.

● A new annual profit tax for the self employed coupled with a gradual elimination of tax exemptions. Stricter enforcement of taxation in agriculture and new legislation making tax evasion a criminal offence.

● Bank of Greece measures to reduce liquidity in the banking system.

● Increases in the prices of public sector goods and services along with strict credit ceilings for public sector organisations.

● The setting of a minimum lending rate for short-term loans, 1 per cent higher than savings deposit rates. The rate is currently 16 per cent and replaces a number of low preferential rates ranging from 12 to 14 per cent for farming and small industrial loans.

Pasok supporters celebrate June's election victory: some are less happy now

The measures were met with relief at the Bank of Greece, the first to sound the alarm on the economy under the Socialist Government, in its annual report last April. They were also on the whole welcomed by businessmen, some of whom admitted that the Government was "more courageous" than they expected. However they felt that to achieve lasting economic recovery the package would have to be supplemented with measures to boost productivity and improve business confidence to revive stagnant private investment.

They have demanded a relaxation of the curbs on dismissing employees, a dismantling or at least reduction of the system of state price controls, and convincing assurances from the Socialists of being willing to live in peace with private enterprise.

Athens is still expecting the detailed response of the European Commission to a 50-page memorandum on the austerity package—affecting EEC imports into Greece—in which the Socialists have asked for a one year extension to January 1987 on a number of key deadlines pertaining to adjustment to accession.

The European Commission for its part has in the first instance broadly welcomed the Greek Government's austerity package, as a positive step towards stabilisation and recovery, in spite of some disquiet over the import subsidy requirement, which will effectively limit EEC imports into Greece.

By contrast, the Government has failed to persuade not only the Greek in the street but also a significant number of Pasok cadres, especially at the grass roots level and in trade unions. Dissent has been most visible on the labour front, where the Socialist Party has felt obliged to expel eight top trade unionists for backing the barrage of strikes last month against the austerity measures.

The expulsions have led to a split in Greece's trade union congress (GSEE), with two rival Socialist trade unionists—one a member of the expelled eight in militants, enjoying the backing of the majority in the congress leadership; the second a Government loyalist backed by the remaining minority—claiming the title of president.

Disarray and dismay is also reported in Socialist Party local offices around the country—an extensive and organised grass roots network which was instrumental in Pasok's meteoric rise to power from a fledgling party created after the collapse of the dictatorship in 1974.

The Government's main strategic blunder, according to critics both inside and outside the party, lies in having insisted right up to the June elections that it had set the economy safely on the path to recovery. It then turned round at the end of the summer and called on all Greeks to tighten their belts or risk facing the International Monetary Fund at the next turn. As a result, it is argued, the Socialists' credibility, both internally and externally, is at an all-time low.

The Conservative opposition has seized on the Government's discomfiture, hoping to distract attention from its own internal problems. Pasok's losses are unlikely to prove New Democracy's gains however. The Conservatives have failed to present alternative proposals for tackling the economic crisis which they do not deny exists.

Nevertheless the Socialists have been discomfited enough to accuse the Conservatives of an unholy alliance with the KKE expressed in joint strikes. So far, a significant number of workers in the private and public sectors have participated in the strikes, and a 24 hour protest on October 21 disrupted commerce not only in Athens but in many provincial towns too.

In what develops, much will depend on whether the labour protests, and the internal pressure in Pasok, are sustained. The Government, which has characterised the strikes as "understandable but unjustified," is hoping they will fizzle out, helped by the fact that only about one in three workers in Greece is unionised. Party officials are also waging an intense fire-fighting effort through discussions on the economy with disaffected groups.

At the same time some economic analysts argue the levels of unionisation are high in the key area of the public sector, which covers basic services including electricity, telecommunications, transport, water and the Post Office. Most Greek banks also belong to the state sector. They therefore do not rule out a "coal miner type" confrontation with the Government.

If the Government has read the situation correctly, then Dr Papandreou will have a free hand to complete the conservative policy which he launched after the June elections. This is not limited to the economy: the Prime Minister has taken pains to improve the climate of relations with Washington, and has stated unequivocally that Greece is in the European Community to stay. Nato membership is also not a live issue.

If dissent prevails then Dr Papandreou is likely to start thinking of pulling political aces from his sleeve. One such could be foreign policy which he has used in the past to balance and distract from unpopular domestic moves. The main unresolved item, on which he might feel he has some margin for manoeuvre, is the future of the four US military bases in Greece.

Dr Papandreou is beholden to Pasok to have them closed down, but has carefully kept his options open by warning this is a tricky operation which cannot be accomplished overnight. The limiting factor here would be the $500m annual military aid which the bases carry.

Playing a domestic ace might therefore be in order. This could be the introduction of a simple proportional electoral system. Such a move has been a longstanding Pasok pledge which it might make sense to fulfil if the party's strength is felt to be declining. The present electoral system has a built-in bias in favour of larger parties while a simple proportional system would maximise the presence of smaller parties in Parliament.

In addition, introducing this system has been a Communist opposition demand on the Government. For Greece the implications could be far reaching, because the change could lead to a period of relatively unstable coalition governments.

That political pill could prove more bitter than the economic one which Dr Papandreou is appealing to Greeks to swallow, in order to pull the country's finances back from the brink.

Apple Computer

Radical moves bring a 'sense of reality'

Louise Kehoe talks to John Sculley, Apple's president

"APPLE COMPUTER has grown up," claims John Sculley, president of the personal computer company whose internal intrigues have been relayed like the episodes of a soap opera across business publications around the globe.

The challenges of adversity have given Apple a new, more realistic attitude to the market place, and to itself. "The days of easy personal computer sales are over," says Sculley. "If Apple is unwilling to listen to what customers want, then the pragmatic customer will turn elsewhere or perhaps not buy at all."

Sculley's tough message follows his implementation of radical changes at Apple over the past five months, both in the company's organisation and in its marketing strategies. Since June, every one of Apple's executives and middle managers has been assigned to a new job, or had his role redefined.

Gone are the "Mac group" and the "Apple II division"—a pair of sparring partners led by Steve Jobs and Del Yocam, a long time Apple executive and Sculley supporter. ("The biggest competition for Apple was between its own technical groups," Sculley now admits.)

Gone are the wilder claims of Steve Jobs, former chairman, who pronounced the Macintosh computer "insanely great." Gone is the determination to play David to IBM's Goliath with the "Macintosh Office" marketing campaign. And gone are Apple's founders, Steve Jobs and Stephen Wozniak.

Over the two-and-a-half years since he joined Apple, Sculley, former president of Pepsi-Cola, has quietly gathered a team of marketing and sales professionals around him at the helm of the $2bn-a-year personal computer company.

"I believe that crisis really tends to help develop the character of an organisation," says Sculley. "We have put people in extremely challenging jobs — at the executive and middle management levels — and they are responding. They are shaping up to their new tasks."

The "new Apple" is streamlined around functional operations—research, manufacturing and marketing. Operating costs have been dramatically reduced.

"Apple can no longer rely upon the huge revenue increases that it has experienced routinely since its earlier days," Sculley points out.

A general slowdown in the growth of the personal computer market forced some of the changes at Apple and 1985 has been a tough year. Back in January, Apple woke up to the fact that its retail dealers were holding huge stocks of unsold products after the Christmas rush. "Macintosh was left out in the cold," by competition from heavily discounted IBM PC Jr computers, Steve Jobs admitted at the time.

Floundering

The future of Apple began to look uncertain. By the middle of January, a significant slump in personal computer sales emerged, particularly affecting the high-end computer sector which is Apple's sales base. Worse, Apple's efforts to establish the Macintosh in the business market were floundering. Then in February, Stephen Wozniak, one of Apple's founders, left the company and talked openly about his disillusionment.

By May it became obvious that Apple needed to take drastic actions to cut costs. The company cuts its workforce by 1,200 people and shut down three manufacturing plants. But Sculley's actions went much further. He chose to make the reorganisation of Apple a strategic move to reposition the company in changing market conditions and to correct some of the internal troubles that were plaguing it.

"We had to bring in a sense of reality at Apple," says Sculley. "Apple has a strong position with the consumer and in education, but in the business market we were not as successful as we wanted to be." Apple's young managers could identify with the early consumers of computers—they are computer enthusiasts themselves, they could identify with the education market—most of them are recent graduates of universities and colleges, Sculley explains. "But they could not identify with real business needs. Most of them have never worked anywhere but Apple."

"Today, Apple is listening to its customers," Sculley claims. What does this mean in practice? Sculley and his executive staff have spent considerable time visiting dealer groups throughout the US and Europe and have called on the company's 75 major customers.

"We have got the message. Our customers want to link 'Macs' to other computers," Sculley says. Last week Apple responded with the announcement of plans for products that will link Apple's Macintosh to the "real world" of IBM mainframe computers. Some of these products, Sculley says, will be the result of technology agreements with third parties. "We recognise that we are not a systems company. Some things can be better implemented on the outside."

Apple's repeated failures to make its mark upon the business market with the Apple III, Lisa and now the Macintosh stretch its credibility as a supplier of office machines perilously thin. Critics point out that Apple's communications products, which are an essential addition to the company's non IBM compatible computers if Apple is ever to gain a foothold in the business market, are already overdue and that the company is still offering only promises. This raises questions about Apple's technical strengths—the company has lost a number of its key engineers over the past year.

Of Apple's plans to focus on desktop publishing, analysts wonder how big this segment really is. Apple says the market will be worth over a billion dollars over the next few years. Others are sceptical.

Sculley, though, believes his new organisation is taking hold and points to other examples. "Recognising the difficulty of restarting our sales momentum during the seasonally slow summer period, we decided to put a major focus on education.

John Sculley: managers "shaping up to their new tasks"

We moved methodically to achieve our education and consumer market objectives:

- In June we shifted sales people from other areas into education sales.
- In July we developed a plan to increase dealer involvement in education sales.
- In August we placed a priority on consumer marketing programmes that positioned Apple computers as education tools and provided dealers with special incentives to target teachers as customers.
- In September we focused our advertising message largely around education for the Apple II.
- This month Apple has begun a new TV advertising campaign based on the slogan "buy the computer your child uses at school."

"It is this kind of methodical building of education strength and levering it into the consumer market that will characterise Apple's activities as a grown-up company," says Sculley.

According to Sculley, Apple has come a long way. "We have accomplished more than anybody expected. The new organisation is working better and coming together faster than I had personally thought possible when we took these actions last summer.

"I don't believe that any other major company has accomplished such a radical restructuring in such a short period of time," Sculley claims extravagantly, proving that Apple retains at least some of its boastful youth.

Nor has Sculley changed his attitude toward Apple's spirit. Two things have made Apple special, he believes: the creation of the personal computer market and the building of a major corporation by a group of very young people.

"The romantic vision (of Steve Jobs and Stephen Wozniak) is largely why the world has had a nine-year love affair with Apple, and it is this same vision that brought me to Apple. It is a dream which captured the imagination of the world because in less than a decade Apple emerged from a garage as a dream into the reality of a $2bn corporation."

Today, the dreamers have gone. Stephen Wozniak left in February to form a "fun and simple" company called Cloud Nine. Steve Jobs' departure, however, was acrimonious and embarrassing for Apple. The former chairman bitterly complained about John Sculley in public, tried to persuade board members to remove him and when he failed, stormed out taking four key executives with him to form a new venture.

Now, Sculley glosses over the episode. "The entire computer industry has been shaken by one bad news story after another . . . You might believe that the dreams and visions that are such a part of Apple were nothing more than myths suddenly exposed. Any such perception is wrong. The fact is that the vision is intact. The dream lives on."

Corporate Identity

In search of individuality

JUST IMAGINE what would have happened if the grey eminences of Honeywell, Siemens or ICL — rather than Steve Jobs and Steven Wozniak of Apple (see left) had been the first to launch the microcomputer on an unsuspecting world.

Instead of differentiating their product by giving it the name of a fruit, and selling it almost like a transistor radio, their planners and marketing men would have agonised at length — but would have ended up giving the product a dreary old name and launching it in the same old way, just like any other computer.

"You need a real sense of your own identity to break the mould," says Wally Olins, the source of this scathing view of the prevailing "me-too-ness" and lack of imagination among large companies in all sorts of industries. Jobs and Wozniak "were so laid back they were practically falling over. Their micro was a different sort of computer, aimed at an audience that IBM and its traditional followers had ignored." So the identity and strategy that they gave the product and the company had to be different, too.

Olins, who is the chairman of Wolff Olins, a leading British design consultancy which specialises in corporate identity, is just as vitriolic about the airline industry. "One after another, the airlines have discovered service," he says. "Apparently both SAS and British Airways learned on the same day of the week that it isn't sheep that fly—it's people. Needless to say, both BA and SAS have employed the same kinds of policies to help them with what they now call customer care. They're trying to be different, but they are being the same."

The real airlines to watch, continues Olins in characteristically scornful fashion, "are not these old bores hawking the same dreary old stuff, but the new ones which are thinking differently; the airlines which are breaking the mould. Watch People Express or Virgin Atlantic. They really have a different corporate strategy which derives from a different idea about what they are trying to do."

Expounding his thesis at the first of a series of design management seminars at the London Business School on "Business Strategy made Visible,"* Olins argued that the same lessons applied to every type of industry and service, from brewing to retailing, banking to cars. "All over the world, in every field you can think of, companies are increasingly doing the same things, in the same way. Their corporate planning leads to identical conclusions — which, as often as not, seem to turn out wrong."

A wide range of pressures are creating this homogenisation, according to Olins. The process "is frequently injurious to a company's real character and strengths, and unless other countervailing pressures are set up, many organisations will be overwhelmed."

One of the main ways of fighting the problem, said Olins, was for companies to take "soft" factors as well as "hard" ones into account when planning their strategy. "If all you take into account are outside pressures, you'll end up being homogenised. If you take your own likes, dislikes, strengths and weaknesses into account . . . and if you can interpret hard data and not be overwhelmed by it, you may resist the pressure to homogenise—and win.

"If an individual's personality is important in relation to what he does, and how he performs, why isn't a company's personality given similar consideration? There are real differences between companies, just as there are between people — big cultural differences, differences in obsessions, and therefore differences in what they do best. These differences can be decisive, if they are allowed to be, in creating perceptible differences between products and services in the marketplace."

PEOPLExpress FLY SMART

BRITISH AIRWAYS

SAS

While BA and SAS are "hawking the same old dreary stuff," People Express and Virgin Atlantic are "breaking the mould," according to designer, Wally Olins

No corporate strategy can be effective unless it takes account of the company's personality, Olins continued. Corporate personality should influence corporate strategy just as much as strategy influences personality. Yet most companies treat corporate strategy as something out on its own, "as a kind of lonely star suspended in space."

How does all this relate to design — the subject of the LBS seminars? Olins told the meeting that companies which have recognised their own personality, and have allowed it to influence both their strategy and their structure, also need to consider how best to present what they are — in other words, what corporate identity to create.

Hence, for example, the invention of Apple's name and visual image, and the care and attention that the company has always paid to the design of its products, literature and other communications material. With its very different personality, strategy and structure, IBM places just as much emphasis on all aspects of its design. So does Olivetti. But few other computer suppliers have yet learned to harness the power of design so effectively.

Most organisations have an immense potential asset buried deep inside them, Olins claimed—their real character. "When this emerges, and it's often very difficult because it's hidden behind so many accretions, the real strengths start to emerge."

Olins' list of the many companies which present themselves in a unique—and honest—way includes Sony and JVC in consumer electronics; Clinique and Vichy in cosmetics; Joseph and Benetton in fashion; Daimler-Benz, BMW, Porsche and Ford in cars; Hyatt and Ciga in hotels; Marks & Spencer, Burton, Next, Conran in retailing.

Christopher Lorenz

**Christopher Lorenz*

The series of six seminars runs until June 1986. Future speakers include James O'Brien, joint managing director of British Rail (December 5), David Bernstein, chairman of The Creative Business (March 5); and Mads Ovlisen, managing director of Novo Industri (June 17).

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
8	9	10	11	12	13	14

Music

LONDON

English Chamber Orchestra, conducted by Jeffrey Tate, with Oscar Shumsky, violin. Butterworth, Mendelssohn, Dvořák and Haydn. Royal Festival Hall (Mon). (928 3191).

Chelsea Opera Group and Chorus, conducted by Brian Wright, with Patrizia Kwells (soprano), and Ian Partridge (tenor), among the soloists. Händel's Hercules. Queen Elizabeth Hall (Mon). (928 3191).

London Sinfonietta, conducted by Elgar Howarth. Maxwell Davies and Tippett. Queen Elizabeth Hall (Tue).

London Philharmonic Orchestra, conducted by Yevgeny Svetlanov, with Cristina Ortiz, piano. Brahms. Mozart and Franck. Royal Festival Hall (Tue).

Philharmonia Orchestra, conducted by Esa-Pekka Salonen, with Dmitri Alexeev, piano. Sibelius, Mendelssohn and Brahms. Royal Festival Hall (Wed).

Nash Ensemble, conducted by Lionel Friend, with Jennifer Smith, soprano; and Ian Brown, harpsichord. Spanish programme. Queen Elizabeth Hall (Wed).

Brompton Choral Society and London Bach Orchestra, conducted by Donald Cashmore, with Gillian Fisher, soprano; Martyn Hill, tenor; and Stephen Roberts, baritone. Haydn's The Creation. Queen Elizabeth Hall (Thur).

London Philharmonic Orchestra, conducted by Pierre-Alain Urisari, with Enrique Perez de Guzman, piano; and David Sanger, organ. Mendelssohn, Beethoven and Saint-Saëns. Royal Festival Hall (Thur).

London Symphony Orchestra, conducted by Andrew Davis, with Louis Lortie, piano. Rossini, Beethoven and Brahms. Barbican Hall (Thur). (638 8891).

Ronnie Scott's Frith Street: Trumpeter Freddy Hubbard and his quintet. (439 0747).

PARIS

Maria Ewing recital (Mon): Théâtre de l'Athenée (742 6727).

Mikhail Rudy, piano: Haydn, Scriabin, Chopin, Brahms (Tue). Salle Gaveau (563 2030).

Concert in aid of the Marcel Vatelot Foundation, with Pierre Amoyal, Patrice Fontanarosa, Anne-Sophie Muter, Mstislav Rostropovitch, Isaac Stern and other stars. Beethoven, Prokofiev, Schubert. Landowski (Tue). Salle Pleyel (561 0630).

Orchestre de Paris, conducted by Christoph von Dohnanyi; Ghidon Kremer, violin. Lutoslawski, Schnittke, Brahms (Wed, Thur). Salle Pleyel (561 0630).

BRUSSELS

Palaise des Beaux Arts: Rotterdam Philharmonic Orchestra, conducted by James Conlan, with Boris Christoff, bass. Mussorgsky (Wed); Lieder recital, with Maria Ewing accompanied by Geoffrey Parsons. Händel, Schubert, Wolf, Duparo, Debussy (Thur). (512 4045).

ITALY

Milan: Teatro alla Scala, Eliahu Inbal conducting Mahler's 6th symphony (Wed, Thur). (809126).

Rome: Auditorium via Della Conciliazione, Giuseppe Sinopoli conducting with Malcolm Frager, piano. Schumann. (Mon and Tue). (654 1044).

Rome: Oratorio del Gonfalone (Vicolo della Scimmia 1/B). In this delightful 17th Century theatre, the Endellion String Quartet. Mozart, Britten and Beethoven. (Thur). (655 952).

NETHERLANDS

Amsterdam, Concertgebouw. Kenichiro Kobayashi conducting the Japan Philharmonic, with Osamu Yamaguchi, guitar. Toyama, Rodrigo, Tchaikovsky (Mon). Recital Hall: Theo Olof, violin. Bach (Tue). (71 8345).

Amsterdam, De Meervaart. The I Fiamminghi Chamber Ensemble (Wed). (10 73 93).

Rotterdam, De Doelen. Gerard Akkerhuis conducting the Rotterdam and Hague chamber choirs and the Hague Bach Orchestra, with soloists. Bach, Mozart (Wed). Recital Hall. The Travelling Music Ensemble. Crusell, Klughardt, Beethoven, Tchaikovsky (Wed). (14 29 11).

Utrecht, Muziekcentrum Vredenburg. Ton Koopman conducting the Netherlands Chamber Choir, the Amsterdam Baroque Orchestra, and soloists. Händel's Samson (Mon). The Rotterdam Philharmonic, conducted by James Conlon. Stravinsky, Debussy, Liszt (Thur). Recital Hall, electronic concert, Koenig (Tue). The Travelling Music Ensemble. Crusell, Loeffler, Beethoven, Tchaikovsky (Thur). (31 45 44).

Maastricht, Schouwburg. The Travelling Music Ensemble. Crusell, Klughardt, Beethoven, Tchaikovsky (Tue). (21 33 00).

VIENNA

Franz Schubert Quartet. Schubert and Beethoven. Musikverein, Brahms Saal. (Mon).

Kyoko Ogawa-Ebisawa, piano. Schubert, Matsumura, Schumann. Musikverein, Brahms Saal (Thur).

NEW YORK

New York Philharmonic (Avery Fisher Hall): Zubin Mehta conducting; Maurizio Pollini, pianist. Lutoslawski, Brahms (Tue), Zubin Mehta conducting; Bennett Lerner, piano; All Copland programme commemorating the composer's 85th birthday, with world premiere of Proclamation (Thur). Lincoln Center (874 2424).

Carnegie Hall: Recital by Rudolf Firusny, piano, and Lynn Harrell, cello. Debussy, Schubert, Janaček, Beethoven (Wed). (247 7459).

Kaufmann Hall: Erik Berchot piano recital with Ida Kavafian, violin. Beethoven, Schumann, Ravel, Chopin (Tue). 1395 Lexington Ave (831 8603).

Waverly Consort (Alice Tully): Elizabethan music featuring the works of William Byrd and his contemporaries, Thomas Morley, Orlando Gibbons, Thomas Tomkins (Thur). Lincoln Center (362 1911).

WASHINGTON

National Symphony (Concert Hall): Rafael Fruehbeck de Burgos conducting: Jeffrey Kahane piano. Ibert, Saint-Saëns, Beethoven (Tue); Rafael Fruehbeck de Burgos conducting; Frans Helmerson, cello. W. Schuman, Bloch, Tchaikovsky (Thur). Kennedy Center (785 8110).

CHICAGO

Chicago Symphony (Orchestra Hall): Kurt Sanderling conducting: Malcolm Frager, piano. Mussorgsky/Shostakovich, Mozart, Shostakovich (Thur). (435 8122).

TOKYO

David Gerings, cello, accompanied by Tatjana Schatz: Schumann, Prokofiev, Ligeti, Brahms. Tokyo Bunka Recital Hall (Tue). (237 9990; 470 2727).

Xue Wei, violin, with Shuku Iwasaki, piano: Händel, Faure, Wieniawski, Ysäye, Franck. Nikkei Hall. (Tue). (440 5541; 270 0251).

Hannes Kastner, organ: Bach. St Mary's Cathedral (Wed). (236 1681; 980 6060).

Tokyo Metropolitan Symphony Orchestra, conductor Jean Fournet; piano: Pascal Devoyon. Bizet, Debussy. Tokyo Bunka Kaikan (Wed). (822 0727).

Deutschen Staatsoper Berlin Chamber Orchestra conducted by Hartmut Hänchen; Händel and Bach, Kani Hoken Hall, Gotanda (Thur). (242 7771; 235 1661).

Jessye Norman, soprano: Phillip Moll, piano: Händel, Schubert, Ravel, R. Strauss. Hitomi Memorial Hall, Showa Women's College, near Sangenjaya (Thur). (545 8348; 545 9348).

Opera and Ballet

LONDON

Royal Opera, Covent Garden: Il trovatore returns in the now ancient staging by Visconti, with a rather ill-assorted cast containing Elizabeth Connell, Giuliano Cianella, and Elena Obraztsova, and conducted by John Barker (Sat). (240 1066).

English National Opera, Coliseum: Orpheus in the Underworld, in ENO's not entirely successful modernised version with sets by Gerald Scarfe, has another round of performances, with a largely new cast led by Terry Jenkins and Lillian Watson. The new production of Gounod's Faust is a success – fresh, theatrically effective, and vividly imagined; Jacques Delacote is the excellent conductor. (836 3161).

New Sadler's Wells Opera, Sadler's Wells Theatre: the fare for this week is an attractive mixture of opera (the quirkily poetic Traviata production borrowed from Opera North) and operetta (the new Merry Widow, a successful mainstream production, and the HMS Pinafore revival).

Royal Opera House, Covent Garden: The Royal Ballet in a triple bill (Tue and Wed) featuring Bintley's new Sons of Horus.

PARIS

Dansomanie/Napoli. Dansomanie, a two-act pantomime in Ivo Cramer's choreography, danced by Monique Loudières, Rudolf Nureyev, Patrice Bart, is followed by Napoli, danced by Florence Clerc, Charles Jude, Isabelle Guerin at the Opera Comique (296 0611).

Black and Blue: An American black revue in the Twenties tradition to the times of Louis Armstrong, Duke Ellington, Fats Waller. TMP-Châtelet (233 0000).

Dance Theater of Harlem in the framework of the Paris International Dance Festival at the Théâtre des Champs Elysées (723 4777).

WEST GERMANY

Berlin, Deutsche Oper: To commemorate Berg's 100 anniversary, Wozzeck is offered with Karan Armstrong, Kaja Borris and Lenus Carlson; Lucia di Lammermoor with a new cast; Die Lustigen Weiber von Windsor. (343 81).

Hamburg, Staatsoper: La Traviata has June Anderson and Giorgio Zancanaro. My Fair Lady has Gabriele Ramm as Eliza Doolittle and Boy Govert playing Henry Higgins. (35 11 51).

Frankfurt, Oper: Smetana's Die Verkaufte Braut (Bartered Bride) produced by Christof Nel. The cast includes Eliane Coelho and Adalbert Waller. The Magic Flute has Cheryl Lichter excelling as Queen of the Night. Hoffmann's Erzählungen brings together Elizabeth Parcels and Pari Sumar (25621).

Cologne, Opera: This year's highly acclaimed Salzburg production of Monteverdi's Die Heimkehr des Odysseus, newly arranged by Hans Werner Henze, will have its German premiere this month. It is again produced by Michael Hampe. In the main parts are Claudio Nicolai, Ulrich Hielscher, Marianne Hirsti, Allan Bergius, Uanna Schwarz and Harald Stamm. Smetana's Die Verkaufte Braut rounds off the week. (20761).

Munich, Bayerische Staatsoper: Lohengrin is perfectly cast with Ingrid Bjoner and Spas Wenkoff. This week's highlight is Otello starring Mirella Freni, Wladimir Atlantow and Piero Cappuccilli. Also Don Carlos featuring Mirella Freni and Nicolai Ghiaurov. Le Nozze di Figaro with Ann Murray, Pamela Coburn and Wolfgang Brendel. (21851).

ITALY

Rome: Teatro dell'Opera: The season opens with Luigi Cherubini's Demophoon, conducted by Gianluigi Gelmetti. The production is by Luca Ronconi, Monserrat Cabellé, Giuseppe Taddei and Veriano Luchetti. (46 17 55).

Rome: Teatro Olimpico: Cullberg Ballet of Stockholm in Giselle. (39 33 04).

Florence: Teatro Comunale: Un Ballo in Maschera conducted by Gianandrea Gavazzeni and produced by Sandro Sequi. Luciano Pavarotti, Piero Cappuccilli, Maria Chiara; La Fille du Regiment (sung in the original French) in Filippo Crivelli's production. Gianandrea Gavazzeni conducts Rosa Laghezza, Alessandro Corbelli, Alfredo Kraus. (27 79 236).

Milan: Teatro Lirico: A Homage to John Cranko: The Taming of the Shrew to Scarlatti, choreography by John Cranko, with Luciana Savignano, Oriella Dorella, Jean Charles Gil and Marco Pierin. (88 64 18).

Venice: Teatro Malibran: Janacek's Da Una Casa di Morti (From the House of the Dead) conducted by Jan Latham Konig: Massimo Castri's production. (25191).

Trieste: Tosca conducted by Oleg Caetani and directed by Alberto Fassini; Simon Boccanegra conducted by Tamas Pal. Renato Bruson and Carlo Cossutta. (631948).

NETHERLANDS

Amsterdam, Carre Theatre. The Compagnia d'Opera Italiana with La Bohème. The Postás Symphony Orchestra of Budapest and the Bucharest Musica Choir (Mon). (225 225).

Balanchine programme from the National Ballet: Concerto Barocco, Monumentum pro Gesualdo, Movements for piano and orchestra, Tchaikovsky pas-de-deux, and Symphony in C. Tue in Den Bosch, Casino (125 125), Thur in Utrecht, Stadsschouwburg (31 02 41).

Rotterdam, Lantaren Theatre. Dance Umbrella with their modern ballet Second Stride (Wed, Thur). (36 49 98).

VIENNA

Staatsoper: La Traviata, conducted by Zedda with Ghazarian, Osond, Winsauer; Elektra conducted by Kout with Ludwig, Jones, Pohl, Lotte Rysanek; Sylvia by Delibes and Seregi conducted by Richter with Gaugusch, Scheuermann; Tosca conducted by Guadagno with Jones, Aragall, Wixell; Die Entführung aus dem Serail. (5324/2655).

Volksoper: Millöcker's Der Bettelstudent; Der Zigeunerbaron; Heuberger's Der Opernball; Lehar's Das Land des Lachelns; Zemlinsky's Kleider Machen Leute. (5324/2657).

NEW YORK

Metropolitan Opera (Opera House): The week features Cavalleria Rusticana and Pagliacci with Hildegard Behrens and Sherrill Milnes, Porgy & Bess, conducted by James Levine; Roberta Alexander as well as Neeme Jarvi conducting August Everding's production of Khovanshchina, with Natalia Rom as Emma, Florence Quivar as Maria and Wieslaw Ochman as Prince Golitsyn. Lincoln Center (362 6000).

New York City Opera (NY State): Last season's production of Philip Glass's Akhnaten is back in a week that also includes Frank Corsaro's production of Kismet with George Hearn as well as Casanova, Madama Butterfly and La Rondine in Lotfi Mansouri's winning production conducted by Alessandro Siciliani. Lincoln Center (870 5580).

Dance Theater Workshop: Eiko & Koma present the world premiere of Thirst and local premiere of Elegy in their two-week engagement as part of the continuing invitational Border Crossings celebrating the venue's 20th anniversary. 219 W. 19th St. (924 0077).

WASHINGTON

Washington Opera (Opera House): Un Ballo in Maschera conducted by Cal Stewart Kellogg and directed by Franci. Rizzo joins the repertory of Jean-Pierre Ponnelle's new Don Giovanni, conducted by Daniel Barenboim with Renato Bruson, and Gian Carlo Menotti's production of Eugene Onegin, conducted by Maxim Shostakovitch with Cynthia Munzer and Jerry Hadley. Kennedy Center (233 4757).

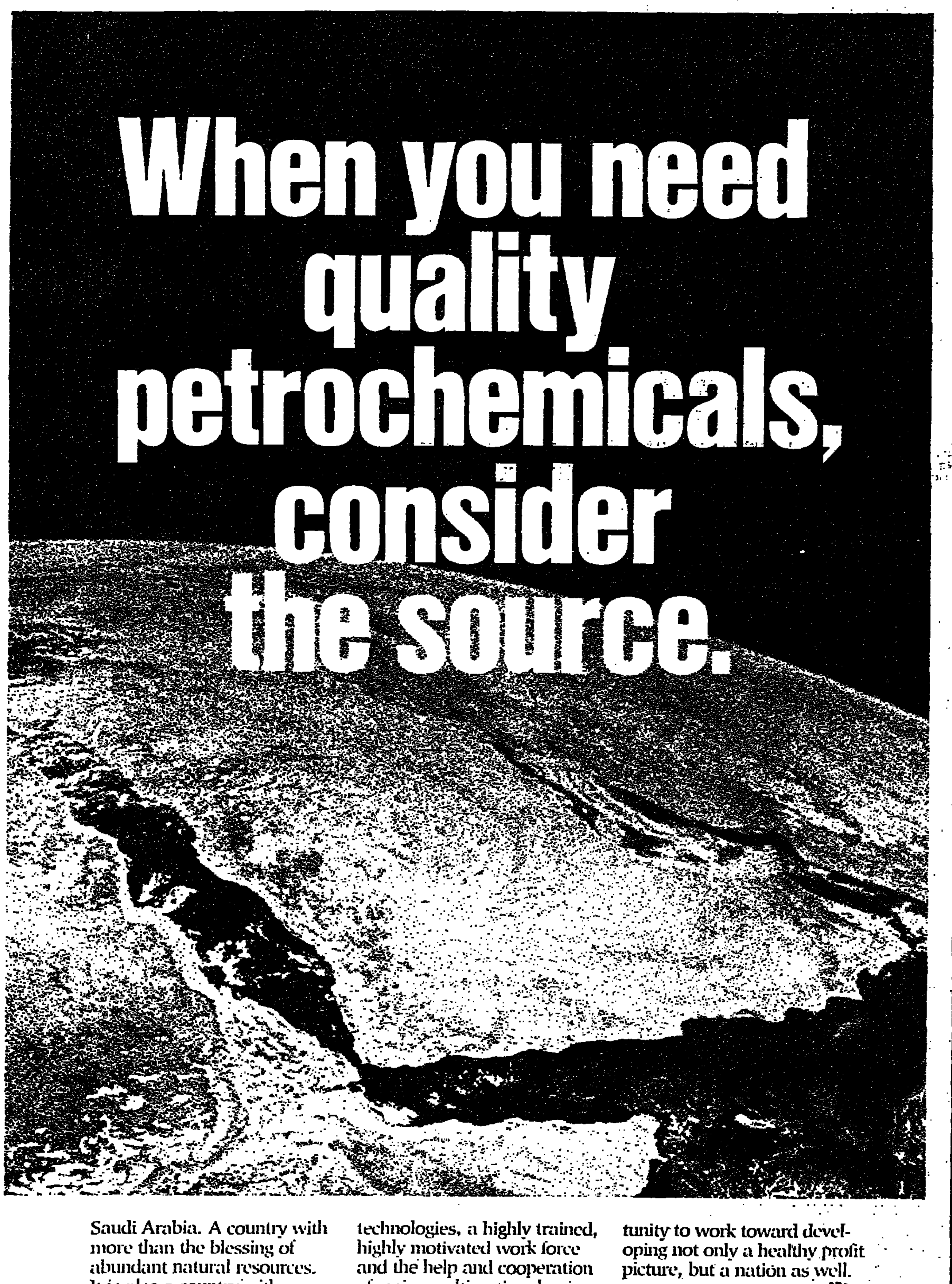
CHICAGO

New York City Opera (Orchestra Hall): The travelling company performs Faust in its national tour (Wed). (435 8111).

Lyric Opera (Civic Opera House): The 31st season begins with Otello starring Margaret Price, William Johns and Sherrill Milnes, conducted by Bruno Bartoletti and staged by Antonello Madau Diaz. The season also has in repertory Madame Butterfly with Anna Tomowa-Sintow in the title role, conducted by Miguel Gomez Martinez, as well as Samson, Anna Bolena, La Traviata, I Capuleti de I Montecchi, Die Meistersinger and La Rondine (332 2244)

TOKYO

Manon Lescaut: In the original language by Fujiwara Opera Company. Tokyo Bunka Kaikan. (371 5384; 369 7020).



Theatre

LONDON

Sweet Bird of Youth (Haymarket): Lauren Bacall elegantly decadent as Tennessee Williams's doomed movie queen. Harold Pinter's direction and Eileen Diss's evocative designs contradict the play's lopsided reputation and place the central tussle between the star and her gigolo (Michael Beck) against a detailed canvas of small town Southern vengefulness by the sea (930 9832).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

Barnum (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical. (834 1317, credit cards 828 4735).

Jumpers (Aldwych): Confident almost sober revival of Tom Stoppard's glittering comedy of love, murder and linguistic mayhem among the logical positivists, with Paul Eddington a more earthbound George Moore II than was Michael Hordern, Felicity Kendal delightful as his retired musical comedy wife. Peter Wood directs. (836 6404, credit cards 379 6233).

Pravda (Olivier): Entertaining epic new play by David Hare and Howard Brenton for the National Theatre in which an unscrupulous South African magnate acquires Britain's most prestigious newspaper. A Jonsonian satire on the grand scale with an irresistible performance by Anthony Hopkins as the colonial who penetrates the Establishment while a nation dithers. (928 2252).

Breaking the Silence (Mermaid): Another RSC transfer, of Stephen Poliakoff's account of his family's emigration from post-Revolutionary Russia, Alan Howard succeeding Daniel Massey alongside Jenny Agutter. Ingeniously set in an Imperial railway carriage. (236 5568).

Guys and Dolls (Prince of Wales): The 1982 National Theatre production has arrived in the West End, if anything improved by the new casting of Lulu as Miss Adelaide and the notably well sung black Sky Masterson of Clarke Peters. Richard Eyre's production and John Gunter's affectionately lavish designs complement this most joyful and literate of musicals, a fitting tribute to the recently deceased co-librettist Abe Burrows (930 8681).

Torch Song Trilogy (Albery): Antony Sher plays Harvey Fierstein's four-hour triptych of the life and loves of a drag queen fighting for emotional and domestic stability. Truthful playing has the effect of cruelly exposing Fierstein's tackily uneven writing. (836 3878).

Phedra (Aldwych): Welcome return of last year's Philip Prowse production, beautifully costumed, with a brave attempt at the Racinian metre in Robert David MacDonald's translation. Glenda Jackson superb in a strong cast also boasting Georgina Hale, Joyce Redman, Gerard Murphy and Robert Edison (836 6404).

Gigi (Lyric): Unconvincing stage revival of Lerner and Loewe's film follow-up to My Fair Lady, Beryl Reid rising inimitably above the material, Jean-Pierre Aumont and Sian Phillips lending more conventional support. John Dexter directs, Jocelyn Herbert designs. (437 3686).

The Seagull (Queens): Last chance to catch this superb revival by Charles Sturridge in which Vanessa Redgrave and Jonathan Pryce provide the most exciting acting on the London stage. (734 1166).

NETHERLANDS

The Orange Tree Theatre company from England on tour with Hard Times by Dickens. Mon in Etten-Leur, Nobelaer Theatre; (Tue in Tilburg, Stadsschouwburg (43 22 20), Wed in Den Bosch, Casino (125 125). Thur in Eindhoven, Stadsschouwburg (11 11 22).

NEW YORK

As Is (Lyceum): The first play about AIDS makes gestures toward the whole community the disease affects and focuses effectively on the victim and his protective lover; but this Circle Rep production also has distracting artistic touches to patch over the play's lack of development once the disease is diagnosed. (239 6200).

I'm Not Rappaport (American Place): A better title might have been Mensch on a Bench for Herb Gardner's touching, funny and invigorating play about two oldsters embodied in Judd Hirsch and Cleavon Little who almost conquer the world when they think they are just bickering with each other. (869 4731).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

TOKYO

Takarazuka All-Girls' Revue. The Snow troupe in The Kaleidoscope of Love Plus And Now. This Japanese phenomenon, the antithesis of Kabuki where the girls play the men's roles with typical innocence and earnestness, is a must for foreign visitors. Takarazuka perform elaborately-staged and skilled musical adaptations of both Japanese and Western plays, with revues and standard musicals. Plots are usually highly improbable. While rather frothy, heavy on the effects, Takarazuka provide another insight into the incongruous mosaic of Japanese culture. Detailed English summaries in the programme – in case the original story is altered beyond recognition. Takarazuka Theatre: near Ginza and major hotels. Matinees and evening performances. (591 1711).

Kabuki (National Theatre) Kiichi Hogen Sanryaku no Maki, a historical piece set during the war between the Heiki and Genji clans in 13th century. The Chrysanthemum Garden scene is a well-known repertory piece. (265 7411).

Kabuki (Kabuki-za): The annual star-studded gala performance. Evening: Tsuki Vamadono Shimatsu based on Chikamatsu's The Love Suicide at Amijima. Excellent English earphone commentary and programme notes. (541 3131).

Exhibitions

LONDON

The Royal Academy: German Art in the 20th Century – until Dec 2 – this is certainly the most important exhibition at the Royal Academy since the Post Impressionist Exhibition, in terms of the practical study of the art of our own time. But it is a partial rather than definitive treatment of its subject, more closely defined as the Expressionist Tradition in modern German Art. The pioneer expressionists of Die Brück and Der Blaue Reiter – Schmidt-Rotluff, Nolde, Kirchner, Mueller, Macke, Marc and Kandinsky. Beckmann, Dix and Grosz are the heroes. Beuys Kiefer and Richter continue in spirit.

PARIS

Picasso Museum: The 17th century Hôtel Salé, sumptuously restored, provides a fitting home for the world's largest collection of Picasso's work. It comprises 203 paintings, 158 sculptures and more than 3000 drawings and engravings, 16 collages and 88 pieces of ceramics. It is completed by Picasso's own collection of paintings by his friends, such as Braque and Matisse, or by artists he admired, Renoir, Cezanne, Douanier and Rousseau. Musée Picasso. Hôtel Salé, 5 rue Thorigny, Paris 3e (271 2421). Closed on Tuesdays.

Sir Joshua Reynolds: The artist's first exhibition ever in France, organised with the London Royal Academy and British Council's aid. It follows the Gainsborough and Turner exhibitions and acquaints the surprised French public with the history of English painting and with the re-

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THE ARTS

Cinema/Nigel Andrews

Rupture triumphs over rapture

The Supergrass, directed by Peter Richardson.
The Bride, directed by Franc Roddam.
Letter to Brezhnev, directed by Chris Bernard.
Cat's Eye, directed by Lewis (Cajo) Teague.
Argie, directed by Jorge Blanco

Halfway through British Film Year, it would be joyous to report that our native cinema is rising lark-like into the skies of a new dawn. But judging by this week's offerings, and indeed by most UK movie offerings in recent months, the bird more likely to be invoked is that favourite of crestfallen soccer managers, the sick parrot.

What, alas, is there to preen the national feathers about in films like *The Supergrass* and *The Bride*? The first gathers up the seemingly foolproof talents of television's Comic Strip gang performers Ade Edmondson, Nigel Planer, Jennifer Saunders, Dawn French and company, writer-director-performer Peter Richardson and puts them out to sea in a pea-green script, going neither they nor we know whither.

Edmondson (punk Vivian of *The Young Ones*) plays the toothy Candide, arrested in London on drug-peddling suspicions and forced to hole up on the Devon coast with two policepersons (French and Richardson) after inadventently babbling about a tryst with drug smugglers. Will the boat come? Will they catch the smugglers? Are there any? Will Edmondson make a move towards bedding the desirable Saunders? Will the script ever make a move towards comic overdrive?

Fighting with misfiring dialogue amid pointillist film stock (is it blown-up 16mm?) the cast behave like members of a factory outing to the seaside who have been horribly left behind and run out of money and amusing remarks. Only Alexei Sayle as a nutty traffic cop and Ronald Allen as a vampiric police inspector (with priestly leanings) raise a giggle. Elsewhere, as so often when a gifted TV comedy series tries to leap the gap between small screen and large, rapture loses out painfully to rupture.

*

There is many a nasty injury in *The Bride* also. The unpleasant mess on the laboratory table is the remains of Mary Shelley's classic horror novel, disembowelled to make a Ruritanian holiday for Sting (Frankenstein), Clancy Brown (monster) and Jennifer Beals (the monster's remarkably seamless bride). All three act as if auditioning for *Rud 'igore* at primary school. And, given the meagre sophistication of Lloyd Fonvielle's script and Franc Roddam's direction, who could blame them?

No barrier to love: Elaine (Alexandra Pigg) and Peter (Peter Firth) in Letter To Brezhnev.

Miss Beals begins as an immaculate beauty and turns into an ardent feminist, for no clear reasons and to the understandable dismay of Sting. Meanwhile, the monster runs off and meets a dwarf (David Rappaport), the lab assistant, Quentin Crisp, dies a crispy death, and we guiltily, and vainly, hope for a similar end to the uncharismatic central character (O Sting where is thy death?). Best given a miss or reserved for a rainy afternoon in Central Europe.

For half an hour, *Letter To Brezhner* has more charm and talent than either film. In elastic-vowelled, Liverpool where the dole queues nightly sweep into the discos, two girls (Alexandra Pigg and Margie Clarke) pick up two Russian sailors (Peter Firth and Alfred Molina). With a stolen wallet they nip into a hotel for the night. Clarke and Molina, finding that the flesh is strong and the spirit of conversation weak, spend the dark hours in carnal bliss. Firth and Pigg, falling in love and preferring to etch a chaste memory, natter the night away.

So far so touching, give or take a qualm about how the girls finance their hotel rooms. But once the Russians have announced departure and Pigg publicises her plan to follow Firth to the Soviet Union to marry him, the film nosedives into a political naivety that would be criminal if it were not crackpot.

Wackily propogating the notion that modern Russia is no more repressive than modern Britain—any contrary opinion is put in the mouth of sleazy reporters (Ken Campbell) or snooty Home Office men—it gets pushbutton guffaws from exchanges like: "In Russia, if you do not work you do not eat" (Firth), "Yes, it's like that here" (Pigg). Questing for quips, the film's knockabout search for detente bashes its way through a multitude of begged questions. (In Russia, if you do not work, it is not because of bad luck in the lottery of a *free* market but because the state has singled you out for ostracism.)

Before they make their next hands-across-the-Iron Curtain romance, Chris Bernard, the director and Frank Clarke, the screenwriter, should read a newspaper, or do some research, or even visit Russia to see how much freedom of speech, freedom of movement and freedom of choice in employment there really is.

Cat's Eye is a three-in-one compendium of Stephen King stories, tingingly directed by Lewis *(Cujo)* Teague. In Quitters Inc we confront the horrors of giving up nicotine, in the tale of a quit-smoking clinic whose techniques include terror, surveillance and electric shock treatment meted out to kidnapped wives. James Woods (client) and Alan King (clinic boss) have a roaring time in this tale, as much tongue-in-cheek as heart in mouth, of aversion therapy escalating into nightmare.

The League is a slice of vintage vertigo—cuckolded hoodlum Kenneth Macmillan forces his wife's lover, Robert Hays, to walk round the high ledge skirting a skyscraper—which made my palms perspire freely into my press handout. And in the third story, a giggling six-inch monster with rolling eyes, glittering teeth and a jester's cap and bells fights for custody of a little girl's soul.

In short, all human paranormalcy is here, and the result is shrieks ahead of King's last portmanteau horror film, *Creepshow.*

At the ICA why not enjoy Jorge Blanco's forlornly funny *Argie*, delineating the life and loves of a down-at-heel and down-at-mouth Argentinian immigrant in London during the Falklands War?

And please remember that the London Film Festival begins a week hence. Opening salvoes include *The Thrill of Genius*, an Italian Hitchcock documentary, and *Turtle Diary* (Glenda Jackson and Ben Kingsley in a Harold Pinter screenplay). You do not need to be a member of the National Film Theatre to book—so do so now while seats last.

Minstrel Boys/Belfast Festival

Michael Coveney

Martin Lynch's new play at the Lyric Players is a grim domestic comedy set among the Catholics of West Belfast in 1981 as the Bobby Sands hunger strike brings a divided community on to the streets. Seamus and Carlo are neighbouring family men who have not spoken since Bloody Sunday, driven apart by the internment issue. Now their respective sons, the Ministrel boys are to be found in the ranks of death, bring a simmering feud to the boil. Seamus's football-playing son, Denis, is about to sign for Leeds United, but he joins his friends for one last petrol bottle riot; Carlo's Tony, whom we never see, has been in Long Kesh for 10 years and has just been detailed as the next hunger striker.

Whereas Frank McGuinness's *Sons of Ulster* examines (not "eliminates" as it appeared yesterday) Protestant history and aspirations in a poetic theatrical manner, Mr Lynch shows us the Catholic everyday reality of West Belfast, with posters being run off and distributed, lads manning a diesel-fuelled truck to drive at the army barricade, mothers chatting about catalogues and Tupperware parties over a drink in the club.

Denis's father, a supporter of the Workers' Party, practises what you might call the dying art of tombstone engraving. Ken Harrison's neatly evocative design places these painfully credible characters against a rubble-strewn, wire-meshed mountain landscape offset with such environmental properties as marble epitaphs, plastic sofas and beer bottles.

When Dennis is shot, Carlo's offer of sympathy is spurned by Seamus as he chips away at his son's memorial. But when the ice is at last broken, Seamus derides Carlo for supporting the hunger strike for as long as it does not come to his own family. This scene is performed with a chill ruthlessness by Mark Mulholland; and when the news of Tony's adopted ordeal comes through from Long Kesh, Louis Rolston provides a complementary study of paternal grief and resolution.

Their wives cloak the tragic reality in trivial banter and there are scenes of macabre hilarity featuring Stella McCusker's distracted catalogue dealer and Ainé McCartney's wistful, sexually abandoned self-improver.

"Only when the ordinary people live together will it stop" is the conclusion drawn by the hitherto implacable Seamus from the turmoil, although the play suggests no solution to the split between the Provisionals and the Workers' Party. The date of that split, 1969, is a continuous point of historical reference in the play, along with internment and Bloody Sunday. Patrick Sandford's production is vigorous and enthralling, very well acted, and it bolsters a piece that is valuable not just for its entertainment value but also for its determination to trace the consequences of political activism to where they often hurt most—in the homes of the agitators, not the corridors of power. In that respect, Mr Lynch has written a brave and responsible play.

Minstrel Boys plays at the Lyric throughout the festival, which closes on November 23. This three-week concentration of touring shows, concerts and solo artists is run on a modest budget this year of £300,000 55 per cent of it coming from a projected 70 per cent sale of all seats, 20 per cent from commercial and industrial sponsors including Guinness, the rest from the Arts Council and Queen's University). The Belfast Festival is perhaps the Cinderella of European arts festivals, but with *Sons of Ulster* and *Minstrel Boys* it has certainly gone to the ball. Mr McGuinness's remarkable play moves next week to Coleraine, Sligo and Limerick before returning to Dublin in early December.

Five Play Bill/Cottesloe

Martin Hoyle

All the productions in the current season of new plays in the Cottesloe at the National Theatre originated "in one form or another," according to the programme, at the NT studio. Situated in the Old Vic Annexe, the Studio exists to generate new and experimental work and "to refine and extend" the company's skills.

To judge from the five short plays that make up the 4½ hours, including intervals, playing only until next Tuesday, the latter function is served admirably, the former hardly at all. Some excellent acting bolsters up five plays slight in content and fairly conservative in style.

After three plays and two hours of seediness, the audience reacts with excessive gratitude to Rosemary Wilton's *Bouncing.* Miss Wilton works at the BBC. Not that I imply any connection, but her essentially middle-class comedy provides the most straightforward entertainment of the evening. Three single women talk of their respective —or collective, since they eventually share the same narrative —quests for companionship via computer dating or advertising in the New Statesman.

Beautifully played, the trio is dominated by Gillian Barge, ruefully noting her increased dependence on henna, an electric blanket and The Archers. Their jackets and skirt lengths similar, their strings of pearls identical, Jennifer Hilary and Kate Fahy complete this sad and funny group. The play's range of reference is that of middle-class London theatregoers, some of its jokes are less successful than others, and Miss Wilton can be unkind about naff little men in a way that would not be tolerated were the sexes reversed; but Peter Gill's direction, the women freezing into immobility until they speak, does it more than proud. As does Miss Barge's wistful observation about blind dates: "They always expect Jane Fonda." And her defensive triumph in "she's *older* than me."

Mr Gill turns up as playwright as well as director with a two-hander, *In the Blue*, that seems a great deal longer than its advertised 40 minutes. Surrounded by vaguely Bohemian squalor—piles of newspapers and books, blankets on the floor—two young men circle, fence, come together, squabble. Michael Maloney's perfectly-tuned educated dropout imagines much, or possibly all, of it, changing the scenario by murmuring "or" at which we get an alternative version.

Since his partner (pick-up? lover?) is the truculently shambling Ewan Stewart impersonating a sack of potatoes with swinging arms, the note of woodenly aggressive monotony soon forfeits our interest.

The cluttered floor that, varied with pointless meticulousness, is common to four of the pieces, in Alex Renton's *A Twist of Lemon* betrays such signs of well-heeled dissoluteness as empty bottles, a cassette-player with Haydn on and copies of the Financial Times. Young city gent Miles has overslept, gets out of work for the day, and like an up-dated Elle in Cocteau's *Voix Humaine* spends most of the time desperately on the phone. He hocks the television set in his attempt to get his fix of "smack" — "just for recreation," he assures us; "I haven't got a problem." The grim little morality is put over intelligently by Nigel Le Vaillant with just a hint of Hooray Henry caricature: slight, predictable, dare one say old-fashioned?

I am worried about David Cardy. He has perfected the fly boy, the flashy spiv, and is apparently not allowed to play anything else. His cheerfully bumptious caller on the toy-scattered, untidy household in Rod Smith's *Sunday Morning*, shares the honours with another cameo from Kate Fahy's Sunday painter. Otherwise, the married couple (Stephen Petcher, Chrissie Cotterill) who come to domestic terms over two Sabbaths seem uncertain as to background, inclinations or character.

Moreover, the almost perfunctory conclusion—the result of some workshop experiment tailing off?—is found in the quintet's last piece, *Up for None* by Mick Mahoney. A fly street-salesman (played by guess who) sets up his pitch in Oxford Street. The play turns into a set of vignettes, rambling to an unexpectedly violent conclusion.

Perry Fenwick's slow-witted viciousness as the spiv's watch-out and trouble-shooter is a joy; Brian Bovell's black policeman has his moment with the fierce cry of "They're all guilty!" as he glares at the population of Oxford Street; and Miss Cotterill obliges as a tart who gives her autobiography to the first bovver-boy who smiles at her. Some of the cockney criminal slang is incomprehensible; much is improbable; Mr Cardy is a pleasure, though his utterances sound like Alf Garnett writ afresh.

David Cardy in Sunday Morning at the Cottesloe.

Sinfonietta/Elizabeth Hall

Andrew Clements

Pierre Boulez's 60th birthday last March passed almost unnoticed in the London concert halls. Perhaps he has become so familiar as a conductor here that his position as one of the century's most significant and influential composers is taken for granted. But the London Sinfonietta presented a belated birthday tribute to open its Elizabeth Hall season on Wednesday, when Diego Masson conducted Boulez's *Domaines* and *Le Marteau sans maître.*

Of all Boulez's compositions these are the two which have passed most securely into the general repertory. *Domaines* in particular has been given a number of performances in recent seasons, more because it now lies within the compass of many contemporary music ensembles with a first rate clarinettist at their disposal than because it represents the composer at his best.

No version of it that I have heard quite dispells the feeling of an imposed formal scheme pressed to its inevitable conclusion. Roger Heaton was the eminently capable clarinettist here and, though some of his encounters with the assorted groups of instruments generated meaningful friction, the sense of a musical journey that mapped consistenly interesting and arresting territory was never sustained.

Le Marteau has established its classic status, even if some of the aura of enchantment that once surrounded its glinting sound world has been worn away by imitation. The young mezzo soprano, Elizabeth Laurence, sang with a warm richness in the lower registers and acute dramatic punctuation; the instrumental playing was forthright, confident and a little prosaic. Though the composer might recoil at the suggestion, it should be a magical, otherwordly experience, and players and conductors who minimise its strangeness deprive the listener of some of that magic.

La Bayadère/Covent Garden

Clement Crisp

In two performances this week, on Monday and Wednesday, two ballerinas in their mid-twenties from very different schools could be seen at Covent Garden: Elisabeth Platel from the Paris Opéra, and Fiona Chadwick of the Royal Ballet. There is no point in making the examiner's favourite "compare and contrast" response to their presence, but certain facts —about what their respective companies endow them with, and expect from them—are inescapable.

Miss Platel is an *étoile*, already a leading artist at the top of the hierachy of a great company. In the taradiddle of the *Corsaire* duet on Monday night, with Charles Jude (also an *étoile* of the Opéra) as her partner, she revealed those virtues of complete physical and temperamental assurance, clarity of identity as well as clarity of style, which our native performers so rarely and so indecisively display.

Her dancing was at every moment light, elegant, extensions wonderfully sure in legato phrasing, virtuosity an undisputed fact. The rickety old choreography looked radiant, even interesting, and she accepted the homage of Mr Jude's soaring brigand—his performance no less a display of easy and beautiful skill as her due.

Miss Chadwick, in Wednesday's Shades scene from *Bayadère*, demonstrated at every moment her right to the role, and to consideration as a ballerina. Her line was generous, the choreography set out with a finesse musical as well as technical: there were no hesitations about the devilish pirouettes which trap the unwary after the entry with the scarf, no lack of poise in meeting every one of Petipa's challenges. What still remains to be explored is the soul of this miraculous scene, the quality, which it may seem pretentious to call its spiritual life, that should inspire its interpreters, as it does the audience, with a sense of supernatural beauty.

The Royal Ballet still has a prosaic way with the Shades scene. Miss Chadwick has the ability to reveal its poetry as Alexandrines that will bring her physique and artistry into focus, showing us a ballerina of classic dignity and noble utterance.

Sloane revue set for West End

The Sloane Ranger Revue, based on *The Official Sloane Ranger* books by Ann Barr and Peter York, will open at the Duchess Theatre on November 12.

The revue has been devised by Ned Sherrin and Neil Shand. Sherrin will direct, and the cast includes Rupert Baker, Gaye Brown, Doug Fisher, James Gow, Royce Mills, Sarah Mortimer, Jan Ravens and Nick Wilton.

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markable and inventive portraitist that was Reynolds. Grand Palais, closed Tue, Wed late opening (2615410).

The fame of Victor Hugo. To mark the 100th anniversary of the poet's death, some 1,000 documents – grand and less grand, including caricatures, posters, photographs, try to explain the extraordinary phenomenon of Hugo's glorification. Grand Palais, closed Tue. Ends Jan 6 (2615410) Petit Palais adds to Hugo's celebrations an exhibition Le Soleil d'Encre consisting of more than 300 of the artist's drawings and 200 manuscripts belonging to the Bibliothèque Nationale. Petit Palais, closed Mon (2651273).

Modern Masters of the Thyssen-Bornemisza collection: The 107 paintings from one of the world's most remarkable private collections constitute a panorama of modern art which is anything but didactic. German Expressionists were one of Baron Thyssen's first loves, quickly followed by Kandinsky and the Russian avant-garde. Manet, Renoir, Degas, Lautrec create another centre of interest, while Picasso's l'Homme à la Clarinette is one of the Baron's favourite acquisitions. Musée d'Art Moderne, 11 Avenue du Président Wilson (4723 61227). Closed Mon. Ends Jan 5.

WEST GERMANY

Hildesheim, Römer und Pelizaeus-Museum, Am Steine 1–2: Nofret, the exhibition covering Women in Egypt. For its last stop in Germany, the exhibition will carry 177 pieces, an extra 96. Some 30 objects are on loan from the Egyptian Museum in East Berlin. It is the biggest assembly of Pharaon Art. Ends Nov.

Ludwigshafen, Wilhelm-Hack-Museum, Berliner Str. 23: "Apocalypse, a principle hope?" – To honour our local philosopher Ernst Bloch, on the 100th anniversary of his birth, the museum will exhibit 400 illustrations depicting the end of the world, ranging from the middle ages to the 20th century. A book by Bloch, "Ein Prinzip Hoffnung," is the basis of this show. Among the artists are Dürer, William Blake, Arnulf Rainer, Markus Lüpertz, Joseph Beuys and Enzo Cucci. Ends Nov 17.

Berlin, Nationalgalerie: Art from 1945 to 1985. With 500 works by 220 artists the Berlin National Museum will display an extensive exhibition of post war art. Ends Jan 12.

Stuttgart, Neue Staatsgalerie: A retrospective of 81 works of the British artist Francis Bacon (born in 1909). The works, covering 40 years, are on loan from the Tate Gallery, London. Ends Jan 5.

BRUSSELS

Spanish Netherlands 1500-1700: Renaissance and Baroque, Flemish and Spanish painters – Velázquez, Rubens, Murillo, Van Dyck, El Greco. Palais des Beaux Arts. Ends Dec 22.

Goya: paintings, drawings, etchings from Spanish public and private collections. Musée Royale des Beaux Arts. Ends Dec 22.

Picasso, Miró, Dali: Palais des Beaux Arts. Ends Dec 22.

Tapies, Chillida, López García: three contemporary artists. Musée d'Art Moderne. Ends Dec 22.

Los Beatos: 29 illuminated manuscripts. An IXth century commentary on the Apocalypse attributed to Asturian monk Beatus (circa 775 AD). Nassau Chapel, Royal Library. Ends Nov 30.

Los Iberos: Iberian Art from the pre-Roman period. Musée Royale d'Art et Histoire. Ends Dec 22.

Armada Treasures. 2,000 items from the Ulster Museum. A variety of objects including a gold salamander set with rubies, rings and a three-tonne siege gun raised from three ships, Girona, Trinidad Valencera and the Santa Maria de la Rosa, all wrecked off north and western Ireland in 1588. Credit Communal until end Jan.

ITALY

Florence: Museo di Storia della Scienza: A History of Spectacles. More than a hundred pairs of glasses from the Zeiss foundation (in E. Germany). This is the first time the collection has been shown publicly. Exhibition also includes engravings by Durer, Rembrandt and Japanese artists. Ends Jan 11.

Venice: ca' rezzonico: Warsaw 1764–1830: From Bellotto to Chopin. A vast exhibition in a splendid setting, organised by the Polish Ministry of Culture and the Italian Institute in Warsaw: paintings, drawings, architectural designs, jewellery and furniture lent by Polish museums, from a troubled, but highly creative, period of Warsaw's history. Ends Nov 20.

Rome: Museo delle Mura, Porta San Sebastiano: Trade Routes Between the Mediterranean and the Far East in the Ancient World. The museum is set into the Aurelian walls above the gate through which the Appian Way passes and is worth seeing in itself. Organised by the Commune di Roma and the Museo Nazionale d'Arte Antica, the exhibition explores the movement of goods (incense, Myrrh, silk and spices) to Italy from the east from the 8th century BC to the Middle Ages. Clear and informative and illustrated mainly by photographs and diagrams, but one felt that the exhibition was aimed more at school outings than tourists and that a lot of the information could have been got just as well from a good book. Ends Jan 5.

Rome, Galleria Editalia, Via del Corso 525. Futurist Painters in Rome: 1910–1930. Energetic, dramatic and highly coloured, notably the work of Giacomo Balla. Ends Nov 30.

VIENNA

Art From The Stone: Art lithography from its origins to the present. This exhibition shows the versatility of nearly 200 years of European lithography. Most artists seem to have had a try at drawing or painting "on the stone" – from Goya to Picasso, Delacroix to Chagall, Toulouse-Lautrec to Miro, Munch and Beckmann. The exhibition explains how lithography began, how it is done, and goes a long way to explain its continued fascination for artists. At the Albertina until Dec 8.

Treasures From The Forbidden City, Peking: A selection of 120 objects covering 3,500 years of Chinese history from Peking's Forbidden City, the former Imperial Palace, now a museum. It includes gold and jade pieces, calligraphy of all kinds, musical instruments, costumes, paintings, procelain vases, dishes and cups from the Ming and Qing dynasties, and paintings on silk rolls showing the elaborate ritual of the court, or members of the royal family at leisure or on one of their epic journeys. This is the last opportunity to see the collection in Europe before it returns to the Forbidden City. Museum of Ethnology, Heldenplatz, Vienna, until Dec 8.

SPAIN

Madrid, a retrospective of 200 paintings, waxes and drawings by master of Cubism Juan Gris (1887-1927) on loan by private collections and museums of Europe and the U.S. The exhibition offers for the first time in Spain and Europe a good assembly of Gris's best works. Biblioteca Nacional, Sala Picasso, Paseo recoletos 22. Until end of Dec.

Madrid, a selection of 162 XVIIth century paintings including Riberas, Caravaggio, Luca Giordano, Vaccaro, Cavallino, Preti, Caracciolo, Salvatore Rosa, Micco Spadero, Falcone, etc. Palacio de Villahermosa, Prado Museum. Until end of Dec.

NEW YORK

Baruch College Gallery: a collection of 19th-century French drawings and watercolours on tour from the Amsterdam Historical Museum presents a cross-section of the styles and themes of the period, from the veneration of the Napoleonic legend to exotic Orientalism and the Italian picturesque. Ends Nov 8.

Metropolitan Museum of Art: The travelling show India, arrives from Washington with 350 examples of six centuries and numerous flourishing periods of art and craft. Ends Jan 5.

Asia Society: Complementing the Metropolitan show, Akbar's India concentrates on the 49-year reign of the sixteenth-century Mughal emperor who built Fatehpur-Sikri and inspired the works represented here by 80 paintings as well as metal work, carpets, and textiles. Ends Jan 5.

Museum of Modern Art: Making generous use of the Riklis Collection of the McCrory Corporation, this exhibit of geometric abstract art of the twentieth century entitled Contrasts of Form covers the Russian Constructivists and American Minimalists as well as Cubism and Bauhaus. Ends Jan.

WASHINGTON

National Gallery: The Treasure Houses of Britain collects 700 objects from 200 stately homes in a show mounted and decorated to look like the quintessential stately home, with paintings by Holbein, Rubens, Van Dyck, Hogarth and Turner among many others, as well as Chippendale furniture, Meissen and Sèvres porcelain and tapestry, jewellery and armour. Ends Mar 9.

Hirshhorn: The recent allegorical and romantic strain in Italian painting is represented in a show of 46 works, primarily paintings, from 13 artists, including lesser known artists such as Carlo Bertocci and Patrizia Cantalupo as well as the well known Sandro Chia, Mimmo Paladino and Carlo Maria Mariani. Ends Jan 5.

CHICAGO

Art Institute: Chalk & Chisel combines 11 sculptures with more than 80 sculptors' drawings to show the interplay between preparation and execution in the work among others of Rodin, Carpeaux and Rysbrack. Ends Dec 12.

TOKYO

Art of Dunhuang on the Silk Road: This exhibition includes replicas of frescoes from the remote Duhuang caves in Western China. Tokyo Fuji Art Museum, Hachioji, one hour from Tokyo. Ends Nov 24.

Van Gogh: Over 100 oils, sketches and prints, some reflecting his interest in Japanese Ukiyo-e prints. National Museum of Western Art in Ueno Park. The park is pleasant respite from the city concrete, one of Tokyo's few open spaces where autumn is evident. Ends Dec 8.

Hokusai Ukiyo-e Prints: about 800 works on three floors, consisting of early prints, landscapes of various kinds and paintings. Situated in the fashionable Harajuku area of stylish boutiques, coffee-shops and architecture, a pleasant Sunday itinerary would traverse several hundred years of history, taking in the nearby Meiji Shrine and Garden, and Sunday dancing of Bamboo-Shoot Kids of TV fame. The Ohta Memorial Museum in a quiet lane off Omotesando. Ends Nov 24.

Saleroom/Antony Thorncroft

An OM—at a price

The Order of Merit awarded to the artist Augustus John by King George VI in 1942 sold for £8,800 at Sotheby's yesterday in a sale of orders and decorations. The price was over three times the forecast, and a record for an OM at auction — there has only been one other offered for sale in this way, the OM of the scientist Sir Geoffrey Ingram Taylor, which made £4,000 in 1982.

The sale was rather like Hamlet without the Prince because the rarest lot, a New Zealand Cross which might have made £20,000, was withdrawn before the auction. Dame Margaret Rutherford's DBE, along with a Variety Club Silver Heart, was on target at £1,760, and a late Georgian Most Ancient Order of the Thistle performed as expected at £3,300.

Among the awards for valour a Battle of Britain group of medals, including the Air Force Cross, awarded to Squadron Leader R. V. Ellis made £5,720, and a Second World War DSO group of eight medals awarded to Major A. Greville Bell realised £5,280. The sale totalled £115,956, with 3 per cent unsold.

David Robert's "The Holy Land," with 241 plates, one of the most sought after of 19th century illustrated books, went for £77,000, at the top of its forecast, in the auction of topographical books and atlasses. The American dealer B. George, paid £66,000 for the first complete edition of Blaeu's "Atlas Major" of 1662, considered to be the finest atlas produced in the history of printed maps, while an early edition of Seutter's "Atlas Novus," of 1726, made £33,000.

Piranesi's "Vedute di Roma," with 127 plates, went for £25,300 to Arader, another American dealer, while the "Description de l'Egypte," the work of the savants who accompanied Napoleon on his invasion of Egypt in 1798, sold for £22,000. It has 838 plates and is considered the first comprehensive description of ancient and modern Egypt.

The artist Harold Harvey is suddenly much admired, and Bonham's sold his "Summer" yesterday for £31,900, a record price. Another work "Lunch" went for £15,400, in a sale of modern British pictures.

Christie's had a few problems with its sale of contemporary art in New York on Wednesday night. It totalled \$3,543,650 (£2,410,646), but with 35 per cent unsold. "Woman," by de Kooning, was with forecast at \$385,000: "Madinat as-salam I" by Frank Stella performed as expected at \$297,000, and "Untitled (Portrait of a Woman)," which made \$275,000, was a record for the artist, John Graham.

The Christie's furniture sale in London totalled £403,002, with 8 per cent unsold. A George III mahogany breakfront library bookcase did well at £17,280, and a Queen Anne walnut tallboy beat its estimate at £12,960, both to London dealers.

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Europe sans frontières

FIVE MONTHS after the Brussels Commission presented its White Paper on completing the internal market in Europe, the practical progress made towards this goal is more encouraging than the political atmosphere that surrounds it.

A total of 300 proposals need to be accepted by governments if the Commission's vision of a Europe without frontier controls is to be realised. Sixteen have been endorsed already and another 35 are well on their way through the Council of Ministers. Most of those accepted are not earth-shaking in their significance—for instance, the new freedom of pharmacists to practise throughout Europe. But some have nevertheless just escaped from years of limbo, and when added to the big strides taken in the matter of customs documentation and industrial standards they make 1985 a good year for the Common Market, if not for the European Community in the wider sense.

While these means are being steadily achieved, the end is being disputed. One part of the problem—predictable at the time of the White Paper—was the forthrightness with which the commissioner for the internal market: Lord Cockfield, spelt out the consequences of a completely free internal market: in particular, the end of the independence of member states in setting their rates of indirect taxation. The other is the current Intergovernmental Conference, born of the Milan summit, to revise the Treaty of Rome so as to speed up the Community's decision-taking.

Vision

While, on the face of it, such a conference should boost a project requiring 300 council decisions, in practice it has brought ministers face-to-face with Lord Cockfield's long-term vision. They do not like this vision and have said so. Thus the political impact on reluctant national bureaucracies of the brave words in the communique of the Milan summit—"achieve completely and effectively . . . a single market . . . by 1992 at the latest"—is being fast dissipated.

The moral for the Commission is that it must work away at laying the internal market brick by brick, and place less stress for the moment on its grand design. Lord Cockfield presented two more bricks to the Council yesterday: they are a proposal that member governments should not move their differing VAT rates any further apart, and the proposal that the Community's new approach to industrial standards should also be applied to food.

This would broadly insist that food considered acceptable in one EEC country should be saleable in all the others, provided uniform guidelines on health, safety and information for the consumer are adhered to.

Both proposals could well be in for a rough ride. They provide a good illustration of the attitude governments will have to adopt if the momentum towards a more complete European market is to be kept up. The tax proposal might be regarded only as the thin end of a wedge, to be driven remorselessly between national treasuries and full control of their indirect taxation, and thus rejected out of hand. But it would be more constructive for ministers to remember that as intra-Community trade grows, the market distortions and friction created by sales tax differences must inevitably increase. It is therefore a matter of practical sense to hold these differences in check.

Since Milan, governments have tended to revive an old and more cautious definition of the internal market; free movement of goods, services, capital and employed people. They need to remember that however they define the goal, and whether they accept its implications or not, if it works it will erode national sovereignty. The British Government in particular should face up to this practical consequence of the practical Europe it is anxious to develop.

Confusion reigns at the Fed

THERE MAY be no precedent in the whole history of post-war economic management for the public promise not to tighten monetary policy, which Mr Paul Volcker, chairman of the US Federal Reserve Board, chose to make on Wednesday in his open letter to the Congress. Central bankers do not normally like to give hostages to fortune, particularly when politicians who have long been gunning for monetary relaxation are going to keep those hostages in their top drawers, ready to be dragged out at any moment in future confrontations over interest rates.

To confuse the picture further, Mr Volcker sent one of his chief lieutenants, Mr Stephen Axilrod, the Fed's director of research, to Capital Hill yesterday to follow up the letter. The markets had looked for a repitition of the Volcker message that the Fed would "not move aggressively to tighten reserve availability" despite the rampant overshooting of its primary measure of the money supply, M1.

But far from echoing his chairman's voice, Mr Axilrod appeared to contradict the obvious interpretations of Mr Volker's leter. He warned that too large a fall in the dollar could have "adverse consequences." Contrary to widespread expectations, the Fed would normally seek to "sterilise" the domestic monetary effects of international intervention against the dollar, he implied.

Mixed signals

In layman's language that meant that the Fed reserved the right to counteract the efforts of other central banks to push the dollar downwards. In view of this, it was hardly surprising that the Bank of Japan started hinting heavily in Tokyo yesterday that its intervention against the dollar was being suspended for the time being—in embarrassing contradiction of a speech made only one day earlier by Mr Satoshi Sumita, the BoJ's Governor. The dollar promptly jumped by four yen and three pfennigs on the foreign exchanges.

What on earth, then, is Mr Volcker up to? Clearly, he was indulging in the central bankers' favourite pastime — sending mixed signals to the markets. This game is not played just for fun. It helps to ensure that there is always demand for two-way trading at times when either bullish or bearish sentiment is threatening to turn a market into a one-way street.

The Volcker letter on Tuesday may have been a political smokescreen to protect the Fed from charges of excessive tightness when Mr Axilrod delivered his warnings to the dollar bears. Alternatively, Mr Axilrod's caution may have been the feint, designed to insure against a collapse in the dollar if the markets over-reacted to Mr Volcker's promise not to tighten policy further. On balance, the latter explanation seems more likely, if only for the reason that the political pressures in Washington to keep the dollar moving downwards will become overwhelming if there is any significant rebound.

Strait-jacket

However, there is a more important lesson to be drawn from this whole strange episode. Mr Volcker's letter could be regarded as the final nail in the coffin of monetarism—if monetarism had not already been dead and buried for three years as an operational principle for Fed policy. Since he effectively abandoned monetary targeting in September 1982, Mr Volcker has been remarkably skillful in conducting an old-fashioned discretionary monetary policy, aimed at ensuring reasonable values for both inflation and economic growth. Such seat of the pants policies were supposed to have been made impossible by the great inflation of the 1970s. The authorities would never be able to win the confidence of the markets unless they tied themselves to explicit targets of some kind, the monetarists argued.

So far, Mr Volcker has proved the sceptics wrong. But having wisely thrown off the strait-jacket of simple monetarism, the Fed and—even more importantly—the Reagan Administration and Congress, must not assume that the present completely ad hoc approach to economic policy will command the confidence of the markets forever. There may be a case for confusing day to day market traders, but sooner or later, investors will lose their faith in the US economy and the dollar unless politicians in Washington bang their heads together and come up with a more coherent strategy for managing the economy in the long-term.

EUROPE'S EUREKA PROJECT

Mr Geoffrey Pattie (left): Giving Eureka "a sharp focus." Mr Hans-Dietrich Genscher (right): long-standing supporter

On the road certainly, destination unknown

By Rupert Cornwell in Hanover

WHEN the British and French lie down together like lambs, and the West German in the chair wins praise for his wit and breeziness, it is clearly a European occasion with a difference. And in some respects, even putting appearances to one side, the second Eureka Ministerial conference this week measured up to that description.

True, Eureka — the emerging scheme for high technology co-operation within Western Europe — still has a maddening habit of escaping definition, the closer one examines it.

But there was no concealing the delight of the assembled foreign and technology ministers at the outcome in Hanover. Not only did they adopt a "Magna Carta" framework for the fragile creature, but also gave their blessing for the first 10 projects which will bear the Eureka seal.

Of course the sweetness and light this week invites scepticism. After the frequently purple oratory of recent months, was not Hanover condemned to succeed? "With the expectations that have been aroused," one key minister admitted privately, "we have got to make a go of it, or just see Europe a laughing stock again." But there is no concealing the fact that, by the standards of most European initiatives, Eureka has come a long way in a comparatively short time.

Whether France alone, or France in tandem with West Germany, first conceived the idea is a matter of some dispute. It was, however, only last April that it was first promulgated in Paris, as a vague European answer to the SDI "Star Wars" initiative of Washington, which France was then about to shun.

Since then the fanciful talk about Eureka as a vehicle for an analogous, purely European, defensive shield in space has all but disappeared. Certainly Eureka, above all in Germany, is particularly dear to those such as Mr Hans Dietrich Genscher, the Foreign Minister, who dislike SDI. But the scheme is civilian, although some of the projects under its aegis will have military applications, and might even overlap with "Star Wars" technologies.

The initial reception was lukewarm, not least in Britain. But now 18 countries, the whole of Western Europe including Turkey are in varying degrees involved. Companies and institutes from 12 participating nations are in the first batch of ventures. "What is Eureka?" came the complaint last week from the somewhat embarrassing quarter of Mr Klaus von Klitzing, the West German winner of this year's Nobel prize for physics, echoing the view of not only scientists but not a few industrial leaders as well.

An inadequate answer came in Hanover from Mr Geoffrey Pattie, the British Minister in charge of Technology. "We have now given Eureka a sharp focus," he claimed afterwards, pointing to the charter and the 10 projects—not without justification. But for all the hoopla, and the political impetus which is now tangible, a series of questions remains, whose resolution alone will show just what Eureka really will amount to.

The first of them is organisational. Despite initial misgivings from Britain and Germany in particular, there will now be a specific Eureka secretariat, although the 18 agreed that it would be small and flexible. But its site, its links with the Brussels Commission and above all its future powers—just the sort of issues which can bring multilateral negotiations to the brink of disaster—were not settled in Hanover.

That task now falls to senior officials, who by January 31 must come up with a compromise which meets everybody's requirements: those of bigger countries which insist that extra bureaucracy must be kept to a minimum; and those of smaller ones suspicious that without adequate channels of information, they and their industry will be by-passed, even in projects where they have something to offer.

The ultimate nightmare is an arrangement whereby a country, through representation on the secretariat, has a right of veto of a project in which it would like to be involved, but is not.

Precisely to avoid the kind of horsetrading that could then take place, most people accept that the key role in determining a Eureka project must lie with the companies themselves. Even so, as a diplomat from a Benelux country, the bloc most determinedly fighting for a worthwhile central secretariat, observed this week: "You can be sure that the projects which do come out won't necessarily be covered by the rules we lay down."

Which of course raised the central question — precisely what is a Eureka project, and what makes it different from any other European venture in high technology? The answer certainly will not lie in an additional degree of state finance.

Despite differing starting points—a French proclamation of a FFr 1bn (£88m) kick-off fund for Eureka in its national budget, and British and German refusal to allocate specific extra money—all three accept that Eureka projects will benefit from public programmes to foster high-tech. Britain for example has the Support For Innovation fund, worth £250m a year.

The charter itself is little more helpful. It stipulates only that projects must (a) bring together participants from more than one country, (b) offer an "identifiable expected benefit," (c) use advanced technologies (d) aim to secure a significant technological advance (e) have appropriately qualified participants, and (f) offer an adequate financial commitment by companies involved.

The other definitions on offer in Hanover were frustratingly vague. For Sir Geoffrey Howe, the Foreign Secretary, Eureka should be a "searchlight," identifying promising areas for collaboration; Mr Genscher sees is as a "priority" mechanism, and Mr Roland Dumas, the French Foreign Minister, as an "accelerator" between drawing-board and marketplace. Indeed many of the fortunate 10 this week were schemes hatched before Eureka was dreamt up.

At this stage inclusion in the Eureka stable appears to offer little more than cachet. But a further 50 are in the wings, hoping for the seal of approval at the next Eureka conference in Britain next May, or before: while behind these stand hundreds more canvassed possibilities.

What is evident is that broad church, capable of reconciling very different industrial Eureka will have to be a very philisophies, including the dirigiste, interventionist approach of France, the German fondness for pure research, and Britain's pragmatic insistence on the decisive function of the marketplace. Small wonder, indeed, that the UK is beating louder than anyone on the drum of a genuine common internal European market, something to which the EEC is committed in principle to produce by 1992.

The key, Britain argues (and few in Hanover quarrelled with the view) is the removal of existing internal barriers and acceptance of common standards and norms: indeed one of the 10 projects adopted—embracing Acorn of the UK, Olivetti of Italy and Thomson of France for the development of educational micro-computers — is already becoming something of an acid test for the validity of Eureka.

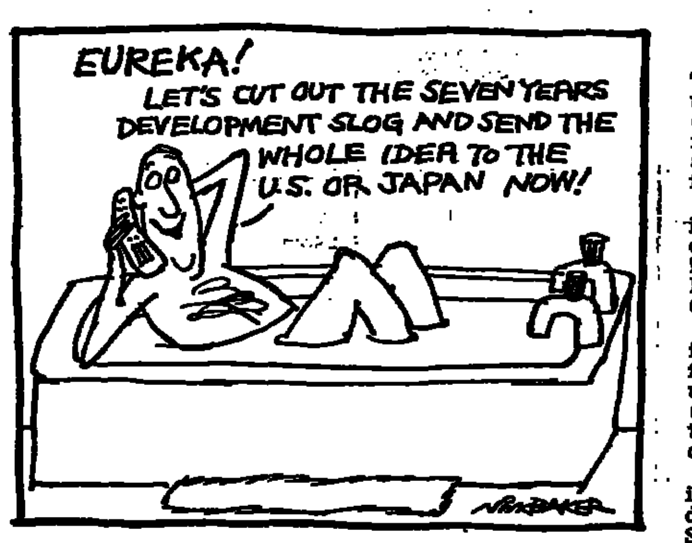
"The need for the product is there, it doesn't cost the taxpayer money, and it can be in the marketplace by 1987," British Ministers say. "What it needs is common standards to create a Europe-wide market and a springboard for the world market."

But will the project get it? Other countries have rival systems, and IBM is said to be linked with Dutch concerns in a similar competing venture. So what will the patent seal of Eureka mean in practice—and, incidentally, what place is there for European subsidiaries of multinationals

"What we really want are pan-European cartels," said another official in Hanover, only part in jest: in the process putting his finger on another potential landmine of the future. For Eureka, by linking some of the Continent's largest enterprises, could place projects as they move out of the R and D phase into the marketplace on a collision course with national and European anti-trust and cartel authorities.

Given the timescale of most Eureka projects—running usually for five years and upwards—these difficulties may not have to be faced just yet. And people this week were not in the mood to face them: "Because we're going ahead," Mr Dumas remarked, "a good number of problems will disappear as we go along."

That may smack of Micawberism, not normally held to be a Gallic quality. But then Hanover *was* a different sort of European occasion. Eureka, for governments at least, is an idea whose time has come, and no-one there was going to spoil the show.



A BELATED BID TO REGAIN THE LEAD

THE list of technology projects that will start under the banner of Eureka, the pan-European research programme, reads like a litany of lost opportunities for European companies.

In several cases, the initial ideas for the technologies under discussion came from scientists in West European research laboratories. Unhappily for the Old World.

A case in point is the manufacture of amorphous silicon, a form of the element especially useful for cheap solar cells (used for example in calculators) and large electronic devices,

One of the Eureka projects is to study applications and production of this form of silicon. Solar cells based on amorphous silicon comprise a business worth an estimated $50m annually, dominated by Japanese concerns such as Sharp, Sanyo, Mitsubishi and Canon.

Yet the scientific principles to make amorphous silicon were described by scientists in Britain in the late 1960s and early 1970s. The workers were in the research laboratories of STC, the telecommunications company, and at Dundee University.

Europe had a lead in another area highlighted for study under Eureka, the development of medical diagnostic kits based on what are called immunoassay techniques. Sales of these kits are worth about $1.5bn annually. The dominant companies are in the US, for example Abbott Laboratories and Smith-Kline and Beckman.

It was, however, Organon of the Netherlands which in the mid-1970s brought out the first kit (to diagnose for hepatitis) that used what has become the most useful immunoassay method, a technique based on colour changes caused by enzymes.

A third area under study through Eureka comprises flexible manufacturing systems, sets of hardware such as robots and computerised machine tools that turn out small batches of goods in an automated fashion.

Engineers at Molins, the British cigarette - machinery company, made the first system to use such "flexible" techniques in the 1960s.

In high-power lasers, another subject for Eureka, the UK Atomic Energy Authority's Culham Laboratory made early advances in carbon-dioxide lasers used for tasks such as welding. After many years of searching for a company to commercialise the technology, Culham last year finally found an industrial partner in the shape of Ferranti. Big US laser companies such as Coherent had meanwhile moved further ahead.

Most of the technologies earmarked for Eureka involve commercial areas dominated by concerns outside Europe. With the exception of Thomson and Matra of France, West Germany's MBB and Olivetti and the Comau division of Fiat, both of Italy, the companies joining forces in the companies are mostly small.

Peter Marsh

Men and Matters

On going Gray

Is Harry Gray trying to tell us something? The redoubtable 65-year-old chairman of United Technologies has been fighting a rearguard action against retirement for well over a year, only recently agreeing to hand over the job of chief executive officer to Bob Daniells.

And from some of the public thoughts of chairman Gray that appeared yesterday, it seems that he has no intention yet of severing the links with the company he created.

The message was presented in the famous advertising spot that Gray has cornered on the back page of the Wall Street Journal to deliver periodic homilies to the American public.

These little sermons, printed in bold, blank verse, are designed to provoke interest in the company so that readers discover that behind UT lies Pratt and Whitney engines, Sikorsky helicopters and a host of other manufacturers.

The latest chunk of moralising was headed: "It's What You Do—Not When You Do It"—and pointed out that while Pitt the Younger was 24 when he became Prime Minister of Britain, Golda Meir was 71 when she achieved the same position in Israel. "Now How About This?" the verse ends:

"Benjamin Franklin was a newspaper columnist
At 16.
And a farmer of the United States constitution
When he was 81.
You're never too young
Or too old
If you've got talent.
Let's recognise
That age has little to do
With ability."

Will UT's directors take the hint?

Acid drop

So much attention is devoted to the historic and high-minded work of British diplomats in exotic corners of the world that you could be forgiven for forgetting that they, too, have their humdrum moments.

One senior diplomat in Hong Kong who, a year ago was spinning secret telexes between Peking and London on the post-1997 fate of the British territory came down to earth with a bump this week as he was forced to bend his mind to the burning issue of boric acid in meatballs.

It seems that meatballs made in the Kowloon walled city — a pocket of rambling, narrow streets which is mainland Chinese territory even though it is in the heart of colonial Hong Kong — have too much boric acid in them. Her Majesty's inspectors have found themselves helpless in bringing meatball vendors into line because they have no authority to go into the city. So the Foreign Office.

But after due diplomatic deliberation, it has been decided that nothing can be done — apart from warning local Chinese of the risk they might face from the meatballs made in the walled city.

Our diplomatic servant takes a philosophical view: "Quite what damage the boric acid can do to you that the average Hong Kong meatball can't, I fail to guess."

Eye tests

When the Norwegians struck oil and gas in the North Sea in a big way, they became known as the "Blue-eyed Arabs"—an epithet which had something to do with their tough approach to the multinational oil companies.

But the "noggies," as oil men sometimes call the Norwegians, ceased to be the blue-eyed boys of the Arab world earlier this year when they refused to agree to Opec's request for a production cut to hold up oil prices.

Now the Norwegians are being dubbed in Copenhagen business circles as the "round-eyed Japanese."

That is a reference to the fact that it is proving virtually impossible for Danish or British companies to obtain work in the Norwegian offshore sector.

Maersk Moller, head of the Danish A. P. Moller shipping, industrial, and oil business, is, this week, the latest of a string of businessmen to complain about the difficulty of winning Norwegian business.

The Norwegians claim stoutly that protection is not the reason. Asbjorn Haugstvedt, the Norwegian minister of commerce and shipping, points out that a joint British-Norwegian committee has supported the Norwegian Government argument that it does *not* protect its own offshore sector.

The Norwegians have allowed a suggestion to hang in the air that perhaps foreign companies are not as competitive as they should be.

But that can hardly apply to Moller whose efficiency is legendary in maritime circles.

Perhaps it is just that the Norwegians, like the Japanese, do not really want to buy foreign goods services.

Well suited

Richard Branson bought a new suit this week. A rare event for him although he is the chairman and chief executive of the Virgin Group with a turnover approaching £200m. He is a casual dresser and clothes do not come high on his list of priorities.

This suit was, in fact, bought specially for him to wear when receiving the 1985 Business Enterprise Award yesterday from a consortium of five sponsors led by the Confederation of British Industry.

The award is open to any British company with a turnover of more than £5m, and has been won in the past by such heavyweights as Sainsbury's, Racal, and Applied Computer Techniques.

It was a particularly pleasing win for Branson, an entertainment industry man by background, who started business at 15 selling advertising for a student magazine using a telephone kiosk for his office.

He is best known now for the ballyhoo surrounding the launch of the Virgin airline, and his unsuccessful attempt to win back the Blue Riband for the fastest sea crossing of the North Atlantic. His power boat sank on the last stretch near the Scillies.

"It's nice to show people that behind the public profile there is a company that is highly successful and profitable," said Branson on his houseboat headquarters in London's Little Venice before he went to the Savoy to collect the award.

Peter Walker, the energy secretary, who presented it, struck the right nautical note when he said Branson and he were both in their ways "wets."

Bottom line

Department of Noble Mutterances—A member of the House of Lords, pursuing a matter of some moment with the Government, demanded that the front bench should give "a copper-bottomed guarantee."

"Humph," muttered an elderly and eminent Tory peer, "what does he mean, a 'copper-bottomed guarantee'?"

"Come, come," his neighbour chided, "everyone knowns what it means."

"Humph," whispered the good lord. "If the guarantee comes from the Government, it's more likely to be non-stick."

Observer

Politics Today

The relentless march of General Thatcher

By Malcolm Rutherford

THE OVERWHELMING impression as Mrs Thatcher sat down after her elucidation of the Queen's Speech in the House of Commons on Wednesday afternoon was of the sheer relentlessness of it all.

Year after year—seven now altogether—it goes on, with the possibility of several more to come. In so far as politics is a dominant factor, the Prime Minister will have shaped a generation rather as General de Gaulle did in France.

The astonishing fact is that she still behaves—perhaps correctly—as if time is on her side. Give her enough of it, she suggests, and in the end everything will come right. Mrs Thatcher no longer observes some of the elementary *courtesies. Her speech* on Wednesday was dull to a degree, a ritual ticking off of business to be accomplished. She has become almost mechanical, brushing off any opposition as more and more of the nuts and bolts of the Government's reforms are put into place. One day there will be a structure, but not yet. It is taking longer than expected, but there is more time available.

On Wednesday she came to life only when she was attacking the Labour Party for its ambivalent attitude towards the police: accusing the Labour leadership of supporting law and order in principle, but refusing to dissociate itself from Conference onslaughts on the police as the enemy, and of denouncing some of the remarks of Mr Bernie Grant ("the police had a bloody good hiding") without going as far as to drop him as the Labour candidate for Tottenham.

Even that is slightly odd. It is said that law and order will be the great theme of the new Parliamentary session. Yet most of the proposed legislation on this matter was prepared when Mr Leon Brittan was still Home Secretary: that means, before the recent inner-city riots. It would have been put before the House in any case, in much the same form.

It was, in retrospect, a brilliant stroke to replace Mr Brittan as Home Secretary with Mr Douglas Hurd, a new face in the Cabinet at the right time. But there must have been an element of luck. No one could have known precisely that the riots were going to break out how and when they did, even though there was a general air of apprehension, and still is.

From that three brief points emerge:

- Napoleon asked of his generals whether *they* were lucky. Luck, which really means an ability to take chances in the expectation that they will come off, still seems to be on the Tories' side.
- Never underestimate the Tories' powers of revival and survival.
- Mrs Thatcher is still capable of exploiting an emotive political issue when *she sees one.* Her mind may be on reforming the rates and all sorts of technical questions, but if the opposition shows itself vulnerable, her eye is still on the jugular. The *populist* in her remains alive.

Mrs Thatcher ●

● Mr Kinnock

The wider point, however, is that the Tories are where they are—a massive majority in the House of Commons and again ahead in the opinion polls—because the opposition is divided. There is an anti-Thatcher majority in the country, as there was at the time of the 1983 general election. But the opposition shows no sign of coming together. So long as that situation prevails, Mrs Thatcher can divide and rule.

Actually, it is not quite as cynical as that. The Government does believe in what it is doing, probably even more so now than in 1979 when there was a divided cabinet. Yet *it cannot help noting that a split* opposition is an unexpected bonus which should be exploited to the full and which provides more time for Mrs Thatcher's policies to be put into effect.

It is not quite as simple either. The Tory leadership seems to have made a nice calculation about the Labour Party and *the* SDP-Liberal Alliance. No longer the stupid party, the Tories want to encourage Labour's revival to the point where there might seem to be a possibility of a Labour victory at the next general *election.* At some stage, they reckon, they will be able to woo back defecting Tory voters from the Alliance by saying that a vote *for the Alliance is a vote for* a Labour Government.

This is a very delicate exercise. The Tories welcomed Mr Neil Kinnock's assault on the hard left at the Labour Party *Conference in Bournemouth last* month. It meant that Labour was back in contention as a serious political party; perhaps sufficiently so to persuade Tory waverers to return to the fold *at least at a general, if* not at a by-election.

Some of the more thoughtful Tories also admit that Mr Kinnock's assertion of respect for the rule of law and the role of Parliament is itself a tribute to Mrs Thatcher. If Labour were to form the next government, it would do so as a civilised party, wholly committed to a constitutional approach, albeit of the left.

But there are not many Tories who say that openly. None that I have come across, including Mr Peter Walker, the Energy Secretary, want the Conservatives to go into opposition in order to reform the Party to fight again in the 1990s. All eyes are on securing a third term.

Yet what if Mr Kinnock succeeds too much? Not only did he do outstandingly well in Bournemouth, he was notably relaxed and in command of the House during his response to the Queen's Speech on Wednesday and did not come out too badly from Labour's party political broadcast, which he delivered solo on the same *evening.*

The Tories should not underestimate how far the left has been uniting behind him, even if there is still some way to *go: in Liverpool, for example.* Mr Ken Livingstone, once the bogeyman of the Greater London Council, is now fairly solidly behind him and has a safe Parliamentary seat lined *up for the next general* election.

If the Kinnock revival — which is what the Tories want — looks like getting out of hand, the next Conservative move will be to attack the Labour Party as having moved too far left, perhaps particularly on defence. That would happen about *this* time next year, probably beginning at the Tory Party Conference in October.

In other words, the Tories would like to build up Mr Kinnock now in order to be able better to knock him down later. But again not too far: for if Labour's chances of winning the election seemed negligible, disaffected and doubting Tory voters might seek the luxury of voting for the Alliance.

As I wrote, it is a delicate exercise and the Tories are not nearly as self-confident as they look when the new Parliamentary session began this week. Most of them wonder, like everyone else, how a Government that has presided over such high unemployment can have survived so long and still have a reasonable prospect of being re-elected.

There are one or two other factors in the Government's favour. The Queen's speech, for *instance, contains* nothing about further reforming the law relating to industrial relations. That is because the Government believes that the next move is up to the trades unions and does not want to do anything to unite a quarrelsome union movement.

The unions are in an exceedingly difficult position. The engineers, the electricians, the newly formed Union of Democratic Mineworkers and perhaps some others could break away from the TUC and form their own federation, thus horribly embarrassing the Labour Party, a large part of whose appeal lies in representing the labour movement as a whole.

The Government's attitude is one of waiting and seeing. The last thing it should do, though apparently not everyone realises this, is to discourage the formation of a house union at the Government communication headquarters in Cheltenham (GCHQ).

The Government also seems in the post-conference season to have succeeded in muddying the statistics about unemployment or, to be more accurate, in persuading people that the figures are more complex than they look at first glance. Unemployment and the number of those in work can rise simultaneously because of demographic factors and structure change. Certainly this has become a much wider talking point than it was before the summer, and it may well be that the Government is steeling itself to fight the general election with the number out of work still a good three million.

The political art is in saying that unemployment is an intractable problem, taking time to resolve. The luck is in having a divided opposition. Even so, high marks must be due for sheer determination. There are benefits to come, possibly an Anglo-Irish agreement, the fixed link across the Channel, tax cuts of one kind or another in the budget, perhaps a great deal more in the renovation of the inner cities and the development of the infrastructure. Always watch that last sentence in the Queen's Speech: "Other measures will be laid before you."

What one could wish for, however, is a broader canvas, *an attempt to show how all the* individual measures fit into a whole: the property-owning, shareholding democracy, with proper care those left outside. While she was expounding this year's speech, Mrs Thatcher was off again about proposals for the reform of the rates, maybe in the speech next year.

As it happens, there is a compromise there, which would be entirely acceptable to Chancellor Lawson. Do it only in Scotland. It was the Scottish Tories who first raised the rebellion. The Scots have a different *system in all sorts of ways.* Try out rate reform on them and reserve the promise of larger reform to be put in the next election manifesto. But one cannot guarantee that it will come out like that.

The Prime Minister is still a bit of an unguided missile. If her policies triumph in the end, it will be more like winning a *war of attrition than a glorious* victory. That, one suspects, is how she has come to like it.

Lombard

The selling of life assurance

By Clive Wolman

IF YOU thought the Government wanted to protect investors from unscrupulous salesmen and to promote competition in financial services, watch out for the forthcoming proposals to regulate insurance salesmen.

The government-appointed organising committee of the Marketing of Investments Board (MIBOC), on which the vested interests of the *insurance industry have a six-to-*four majority, is due to issue a consultative document shortly. MIBOC has spent most of the last few months discussing just one clause in the Government's White Paper on financial services published in January—that dealing with commissions to salesmen.

The MIBOC majority and the White Paper both propose a *novel piece of legislation* that would enshrine the right of insurance brokers to sell policies to their clients without disclosing the commission they are being paid—or how much less they would be paid for selling their client a more suitable product.

What is more, the legislation will restrict this privilege to brokers and companies subscribing to an insurance industry cartel. As the right to conceal commissions is considered so valuable, almost every major company is likely to be dragooned into the cartel as a result.

The plan is to resurrect the industry-wide scale of commissions once operated by the Life Offices Association, which broke up under competitive pressures in 1982.

If the cartel now returns, the result will be to shut out new companies with innovative policies/investment plans. Traditionally their only way of breaking into the market has been by sacrificing profits by offering brokers extra remuneration to persuade them to *spend time investigating a new* company and its products. That was the practice of the MIBOC chairman, Mr Mark Weinberg, in building up Abbey and Hambro Life — although his attitude has now changed

Because the cartel agreement will restrict only one element of expenditure, commissions, insurance companies will *exploit* other marketing tools. Watch for an upsurge of direct sales through company agents (not subject to the disclosure rules), advertising, mail-shots and broker "back-up" services. Supportive brokers can look forward to free Reuter screens, free training sessions for their staff and tips to "tax planning" *conferences held by hotel* swimming pools in the Seychelles.

The argument for a cartel-imposed commission scale, apparently accepted by the Government, is that it allows the broker to recommend the most appropriate insurance company without being influenced by commissions (fringe benefits apart). What such a scale does not do is to remove the bias between different types of policies. As a result, millions of young families who needed no more than a pure term life insurance policy (which pays low commissions) have been persuaded to pay premiums 10 or 20 times as large into an endowment or unit-linked policy.

Life policies have been sold by *door-to-door salesmen for* all kinds of purposes which have little to do with insurance.

There is, however, a simple way of avoiding both a cartel and the systematic deception of *the public. That is to apply the* long-established principles of the common law. Any broker who holds himself out as giving impartial advice should be considered an agent and be obliged to *disclose to his client* all the commissions he receives, including fringe benefits. Alternatively, he should follow stockbroker practice and ask for commission directly from his client and rebate to him that of the insurance company.

MIBOC's role should be to make it easy for the customer to assert his legal rights. Customers buying life insurance should be asked to sign a form saying they have been informed that their brokers' commission was £x. And if they *have been misinformed,* they should be able to cancel the policy and retrieve their money with interest and damages.

Many customers would probably be surprised at the size of commissions and refuse to buy life insurance, as the insurers claim. But their associated argument, that the money would be squandered on drinking and betting, is unjustifiably paternalistic.

Letters to the Editor

Cheaper power

From Mr A. Henney

Sir,—Your article "Surplus coal for cheaper power" (October 30), which followed your reports on the Central Electricity Generating Board's proposals to supply cheaper electricity to large industrial customers exposed some of the muddleheaded thinking in the idea.

The National Coal Board cannot *expand supply* at £32 per tonne; the marginal coal is not low cost Selby coal, but coal from high cost pits. It is impossible to hypothecate the burning of particular coal to electricity supplied by particular users. The proposal prima facie breaches the non-discrimination non-preference clause in the electricity Acts.

There are four traditional reasons for enforcing non-discriminatory pricing on monopolies. Low prices for some generally result in higher prices for other customers. In a competitive market they can take their custom elsewhere, and (in theory) any favours granted are at the expense of the shareholders, who have their own remedies. Favours granted to one customer may provide him with a cost advantage over his competitors if they are not also favoured. Non-discrimination eliminates predatory pricing. And it minimises resource misallocation from some customers being encouraged to over-consume and others to under-consume.

The solution to high electricity *prices lies* in the Government's hands. If the industry dropped current cost accounting and the Treasury stopped pretending that its so-called "economic pricing" were anything more than a cover *for* raising a surrogate tax to reduce the PSBR, then the industry could function as it was intended to under the *electricity* Acts as a cost break-even monopoly. Tariffs would be reduced by 15 per cent.

If the Treasury wanted to tax it it could impose VAT which would fall on domestic customers but not *on non-*domestic customers. While the Treasury would lose on the PSBR it would gain tax revenue and gain in integrity from scrapping the charade of pricing and financial targets and external financing limits which it uses to cloak its objectives.

Alex Henney,
38 Sunius Lane, N6.

Manufacturing capacity

From Mr S. Wadhwani

Sir,—The report of the House of Lords' select committee (October 16) quotes an estimate of the Association of British Chambers of Commerce (ABCC) that ". . . between 1980 and 1983 . . . (the) assets and capacity of manufacturing industry fell by 24 per cent." This estimate has attracted some attention and has been quoted by several newspapers. It is my belief that this figure significantly overstates the actual decline in manufacturing capacity.

The ABCC bases its case on the accounts of only one *(large)* firm. I have attempted to calculate the decline in capacity by using the accounts of 367 manufacturing companies who, between them, employ 2.5m. Between 1980 and 1982 the decline in capacity is only 6.6 per cent as compared to the ABCC's estimated decline of 26 per cent (on its figures there was a *slight* recovery during 1983).

I do agree that the CSO does overstate the existing capital stock (between 1980 and 1982 its measure rises by 1 per cent in manufacturing) because *its* method of calculation breaks down when there is premature *scrapping of equipment.* It is however important that the case against these official figures should not be overstated by extrapolating from the experience of one firm.

Sushil Wadhwani.
Centre for Labour Economics, London School of Economics, Houghton Street, WC2.

Housing in Scotland

From the Chairman, Housing Campaign Group, Convention of Scottish Local Authorities

Sir,—The recently completed, but unpublished, DoE report on the need for investment in housing applies only to England and Wales but excludes Scotland. Mr Kenneth Baker, the English Secretary of State for the Environment, is making a strong bid for an additional £600m a year to tackle the problems.

One might think that *Michael* Ancram, the Scottish Minister, would use this opportunity to argue the case for increased investment in Scotland too. *Instead, he continues* to maintain that local authorities have sufficient funds to deal with dampness, modernisation, new building, etc. The capital allocation this year is only £275m compared with £700m that COSLA, using Scottish Office figures, has estimated is required annually for the next 10 years. There are already reasons for thinking *this* is an underestimate, and the longer the problems are ignored the more expensive they will become.

Mr Ancram should follow the example of his English counterpart and demonstrate publicly a genuine concern for Scottish housing—as the responsibility of his office demands.

(Councillor) R. Lee,
16 Moray Place, Edinburgh.

Finding the postcode

Sir,—The head of Post Office letter planning writes to you (November 4) with advice as to where we can obtain a list of postcodes. But is there really much point? Our local sorting office advises that it has neither the time nor men to refer to the code to assist in the delivery of letters correctly coded *but with a minor mistake* in the street name. Back to sender they go. The office doesn't even have a code list.

J. K. Money.
18 Pembroke Gardens Close, W8

Graphology at work

From Cecily Batten

Sir,— *Michael* Dixon's article on "how people show their real working strengths" (October 31) highlights the problem of graphologists in this country. The graphologist describes in detail the elements of a candidate's motivational pattern but the client very often goes on to appoint on the basis of "academic attainments and *length of experience.*"

English subsidiaries sometimes wonder why their Continental head office keeps turning down the candidates they think are suitable. It is not just that the head office uses a graphologist: the head office apparently thinks it important to appoint for motivational abilities and so is prepared to hold out for *the person with the right motivational pattern.*

Cecily Batten.
83 St George's Square, SW1

London weighting allowances

From Mr P. Brown

Sir,—The uniformity in London allowances offered by the 40 large companies reviewed by Industrial Relations Services (November 5) is simply not a reflection of the current inner *and outer London* weighting allowance practices used by most companies.

Our annual survey shows inner London payments between the quartile points varying from £534 in distribution trades to £1,565 in financial services.

In addition none of the weightings quoted, even IBM's at £3,000, actually meets the additional living costs incurred in *central* London which rise from £651 per annum for those on average wages in council accommodation to £3,161 for those earning £13,000 and repaying a 68 per cent mortgage to a massive £11,548 for senior directors on £55,000.

Peter Brown.
Reward Regional Surveys, 1, Mill St, Stone, Staffs.

Waste paper prices

From Mr C. Wilkins.

Sir,—Your report on the price of waste paper dropping by 40 per cent (October 30) needs clarification because this is only half the story and half inaccurate at that!

Cheap imports of paper have not caused the demand for lower waste paper prices, this is only a link in the chain together with such things as movements in the exchange rates. The chain starts with the present world surplus of pulp which is fuelled by new South American production *coming to Europe. This* surplus has produced substantial cuts in the price of pulp and consequently fibre cost — whether it is primary fibre or secondary fibre — has to be competitive.

It is really of little interest to say that big supermarkets dislike being charged for waste collected from them. You say the price of cardboard boxes has fallen from £65 per tonne in May to £40 per tonne, this only goes to show that the supermarkets and the waste paper trade were being paid too much *for their cardboard* in May. A position brought about by a shortage of cardboard exacerbated by UK exports of this grade.

It is inaccurate to say that one grade of waste paper was worth £250 per tonne in May and is now only worth £150 per tonne. The fall in this grade of waste paper has been no more than about £50 per tonne at the most and if the price has fallen by £100 per tonne it means that the grade supplied at the height of the market was being sold as a higher quality than it was. The present export price of this grade is currently £190 per tonne.

Nothing can be achieved by bleating and exaggerating a fall in market prices of waste paper. Waste paper merchants and paper mills must survive in a real world along with everyone else.

C. P. Wilkins,
Chattan Works, Bonnybridge, Stirlingshire.

FINANCIAL TIMES

Friday November 8 1985

PLO CHIEF DENOUNCES TERRORISM AGAINST 'INNOCENT PEOPLE'

Arafat gives pledge on violence

BY TONY WALKER IN CAIRO

MR YASSIR ARAFAT, chairman of the Palestine Liberation Organisation, has renounced the use of violence outside territory "occupied" by Israel and has pledged to punish those who defy his ruling.

However, Mr Arafat stopped well short of abandoning armed struggle as a means of the PLO achieving its ends.

"In this respect," he said, "the organisation upholds the right of the Palestinian people to struggle against the Israeli occupation with every possible means, with the aim of achieving withdrawal from these lands."

The PLO chairman made his statement, which he described as "the Cairo declaration," at a news conference yesterday. Sitting next to Mr Arafat as he read from the statement was President Hosni Mubarak of Egypt.

Mr Arafat's declaration appeared aimed at refurbishing his organisation's tattered image. "In line with efforts exerted to convene an international conference for peace," he said, "we denounce and condemn all terrorist operations, whether those involving states or committed by individuals or groups against unarmed and innocent people anywhere in the world."

While not a major concession, the Arafat initiative may contribute to improving the climate for efforts to advance the peace process which is now at a critical stage. It will certainly have helped to improve his standing with both President Mubarak and King Hussein who have made little secret of their displeasure at Mr Arafat's apparent failure to control his supporters.

Jordan and Egypt are behind attempts to revive the stalled Middle East peace process and have been urging Mr Arafat to stop indiscriminate guerrilla actions outside the occupied territories. Both leaders were dismayed by the blow to peace efforts caused by the Achille Lauro affair, in which guerrillas from a PLO splinter group hijacked an Italian cruise liner and murdered an American.

The PLO leader said yesterday he was repeating a decision taken in 1974 to condemn operations outside the occupied territories. He was reaffirming the "commitment of all its (PLO) institutions and factions to that decision."

Israel occupied the West Bank of the River Jordan and the Gaza Strip in the war of 1967. There is constant tension between Palestinians and Israelis on the West Bank, particularly in the main towns of Hebron and Nablus.

Mr Arafat's statement follows several days of discussions with Mr Mubarak and a meeting last week with King Hussein. Calling on Israel to reciprocate, he said: "The international community must ask Israel to cease all terrorist operations inside and outside occupied territory."

But an Israeli spokesman dismissed Mr Arafat's statement last night as "playing with words." He said that the PLO leader had never acknowledged the use of violence outside Israeli-held territory and pointed out that Mr Arafat had made it clear that the PLO would continue guerrilla attacks in Israel and the occupied West Bank and the Gaza Strip.

In Washington, a US official told Reuter that the declaration was a positive step but not a major one on the road to peace talks with Israel.

"We are not sure he has been directly responsible for the violence (outside the occupied territories) so his ability to enforce his declaration is a major question," he said.

Brussels fined over La Roche 'leak'

By Raymond Hughes in Luxembourg

THE EUROPEAN Commission has been ordered to pay damages to Mr Stanley Adams, the former Hoffman-La Roche employee who was jailed in Switzerland for leaking the company's confidential documents to the Commission's competition department.

The European Court of Justice in Luxembourg said yesterday that the Commission had known that Mr Adams faced prosecution for economic espionage if he returned to Switzerland but had failed to warn him.

But the court said that Mr Adams, by his own negligence, contributed to the damage he suffered and was therefore only entitled to be compensated by the Commission for half his loss.

The amount of damages will be the subject of negotiation between Mr Adams and the Commission. Failing agreement within nine months, the court will fix a figure. Mr Adams yesterday estimated his damages at "a minimum of £950,000" ($1.36m) and said he expected to get about £500,000.

The court said that the Commission had a duty to keep secret the identities of its informants. It criticised the Commission for enabling Hoffmann-La Roche to discover that it was Mr Adams who, in 1973, told the Commission that the company was guilty of anti-competitive practices that breached the Treaty of Rome.

Photocopies of the leaked documents given to Hoffmann-La Roche by the Commission enabled the company to identify Mr Adams as the chief suspect, the court said.

Mr Adams, however, had not warned the Commission that he might be identified from the documents and he had returned to Switzerland without checking what use the Commission had made of them.

Hoffmann-La Roche was fined DM 1m ($385,000) by the Commission in 1976 for anti-competitive practices. The European Court subsequently reduced the fine by a third.

Mr Peter Sutherland, the European Commissioner responsible for competition policy, declined to comment on the verdict, but there was clear relief among officials that the protracted stream of bad publicity over the action might now be coming to an end.

A joint meeting between lawyers representing Mr Adams and the Commission is expected to be held shortly to assess the exact damages to be paid. The court's ruling was also judged as "a useful clarification" of Article 214 of the Treaty of Rome that covers confidentiality and professional secrecy.

Adams wins final round, Page 2; Men and Matters, Page 18

British building societies decide to abandon proposed merger

BY CLIVE WOLMAN IN LONDON

BRITAIN'S Nationwide and Woolwich Equitable building societies (home loan groups) have called off their proposed merger next April which would have created a society with £17bn ($24bn) of assets and the largest branch network in the UK.

The decision to call off the merger, after 12 months of negotiations, was taken unanimously by the Woolwhich board of directors on Tuesday afternoon – but kept secret. On Wednesday afternoon, the Nationwide board spent about three hours unanimously approving reports on the progress of the merger talks and were only informed of the Woolwich decision later.

"We were somewhat surprised and disappointed," said Mr Tim Melville-Ross, chief general manager of the Nationwide, yesterday. "We were very firmly of the view that we should have pressed ahead and felt that the long-term strategic advantage outweighed the short-term costs and disruption."

Other Nationwide managers said that they had no idea that the Woolwich was seriously considering pulling out of the merger.

The official reason for calling off the merger, given yesterday by Mr Donald Kirkham, deputy chief general manager of the Woolwich, was that there were big technical and logistical problems that would be costly to solve. In particular, the incompatibility of the computer systems of the two societies would have meant that for two or three years branch staff could not have inspected on their terminals the accounts of customers from other branches who wished to withdraw money.

The total costs attributable to the merger, including the disruption and advertising, would on the Woolwich's estimate come to well over £20m, Mr Kirkham said: "The costs would have materially outweighed the savings in the first five years. We wanted to avoid our costs rising even if in the longer term there would have been theoretical benefits."

Other Woolwich staff however accused the Nationwide of "corporate arrogance." According to one: "This was supposed to be merger between equals but it felt more and more like a takeover. Nationwide had the attitude that we should fit in with them because their management systems were superior, even though our management expense ratios are lower. The fact that they failed to sense our unease just proves the point."

Nationwide said that its decentralised method of managing its branch network was more appropriate for a society that would have had, at least initially, over 900 branches and about 7m members. The Woolwich at present has about 400 branches and the Nationwide 524.

When the societies announced their intention to merge in July, a network of working parties was set up to examine all aspects of the merger. It was in response to the reports of these groups that the Woolwich decided not to go ahead.

A merger would have formed what in asset terms would have been the third largest building society in the UK, only slightly smaller than the Halifax and Abbey National. In July the societies justified their merger decision by saying that the forthcoming Building Societies Bill, announced in the Queen's Speech on the Government's legislative programme on Wednesday would allow them to offer a wider range of services.

Only a merged society would have the reserves and assets to take full advantage of their new powers, they said.

News analysis, Page 8

Citicorp seeks UK mortgage outlet

BY OUR FINANCIAL STAFF

CITICORP, the world's largest banking group based in New York, is interested in buying one or more UK building societies which provide loans for home purchase, once legislation allows the societies to be converted into companies in 14 months' time. That was stated by Mr Richard Braddock, who runs Citicorp's worldwide retail banking operations.

Mr Braddock, who was on a visit to London, said the group aimed to build up a nationwide network of branches and customers in the UK. It has already established a presence as a supplier of home loans and as a member of the cheque-clearing system and a cash dispenser network in partnership with several building societies.

"We have been quite happy to buy access to other markets in Europe and elsewhere – and we will be in the UK," Mr Braddock said. He added, however, that the bank did not wish to emulate the four leading clearing banks by acquiring a network of 2,000 to 3,000 branches. A more likely figure is about 250.

"We believe that financial services are over-branched," he said. "We would be more comfortable with a limited branch distribution system and more reliance on home banking facilities."

Citicorp may, however, run into legal obstacles. The British Government is considering making it difficult for outsiders to take over a former building society in the first few years after its conversion to a company. That possibility will be discussed in a consultative document on how building societies should be able to convert themselves into companies, which the Government is due to publish in the next few weeks. Its conclusions will be included as amendments to the forthcoming Building Societies Bill.

The Building Societies Association has consistently objected to banks or other building societies being given the right to appeal to members of a society over the heads of the management to ask them to agree to a takeover.

Banks form ITC creditors' group

Continued from Page 1

tonne suspension price. Unfortunately, it seems that they have not agreed among themselves what the new level is to be.

If they do reach agreement, there is every chance that their proposed price will be too high for some consumers.

The council said that a successful outcome required the co-operation of its bankers and of the LME. It is also consulting lawyers to establish its legal position on its debts and on an injunction served by Amalgamated Metal Trading, an LME trader.

Mr Michael Brown, LME chief executive, said he was disappointed but not surprised by the tin council's decision to adjourn. The LME will announce today whether to continue with the suspension of tin trading, due to expire at the end of today. There is every likelihood that it will.

The LME is under pressure from the threat of tin markets springing up elsewhere. One such challenge has been successfully parried – two Malaysian smelters which proposed to re-open a market in Penang yesterday have shelved their plans

Attention will focus today on the meeting of the ITC creditor banks.

Peter Riddell, Political Editor, writes: Mrs Thatcher intends to make a "prompt" reply to the LME's letter. At present there is no indication that the Government is willing to provide public money to assist the market.

The Prime Minister has been kept informed of the tin crisis but has left the matter almost entirely in the hands of the Department of Trade and Industry, which has been consulted about her reply.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	19	66	Dubrovnik	S	16	61	Malaga	S	26	79	Salzburg	S	10	50
Akrotiri	F	23	73	Faro	C	19	66	Malta	R	18	64	Seoul	F	19	66
Algiers	S	26	79	Florence	S	19	66	Manila	—	—	—	Singapore	F	27	81
Amsterdam	F	11	52	Frankfurt	C	8	46	Miami	C	15	59	Stockholm	S	5	41
Athens	F	20	68	Funchal	S	24	75	Milan	S	15	59	Strasbourg	C	11	52
Bahrain	S	27	81	Geneva	S	9	48	Moscow	C	6	43	Sydney	—	—	—
Bangkok	—	—	—	Gibraltar	S	24	75	Munich	F	7	45	Taipei	—	—	—
Barcelona	F	17	63	Guernsey	C	11	52	Nairobi	C	23	73	Tangier	—	—	—
Beirut	—	—	—	Helsinki	R	6	43	Naples	S	19	66	Tehran	—	—	—
Belgrade	S	10	50	H. Kong	C	25	77	New Delhi	S	28	82	Tel Aviv	S	28	82
Berlin	C	7	45	Innsbruck	S	7	45	New York	F	10	50	Tenerife	S	27	81
Biarritz	C	17	63	Inverness	S	7	45	Nice	S	19	66	Tokyo	C	18	64
Blackpool	S	11	52	Istanbul	R	10	50	Oporto	D	18	64	Toronto	C	7	45
Bordeaux	F	15	59	Jersey	C	13	55	Oslo	S	4	39	Tunis	R	19	66
Brussels	C	11	52	Jo'burg	—	—	—	Paris	F	11	52	Valencia	F	24	75
Budapest	S	9	48	Las Palmas	S	25	77	Prague	F	6	43	Venice	S	13	55
B. Aires	—	—	—	Lima	—	—	—	Reykjavik	C	-4	25	Vienna	S	10	50
Cairo	S	29	84	Lisbon	C	21	70	Rio de J'o	—	—	—	Warsaw	S	7	45
Cape Town	S	16	61	Locarno	S	11	52	Rome	F	20	68	Zurich	F	8	46
Caracas	—	—	—	London	S	13	55								
Casablanca	—	—	—	Los Angeles	C	16	61								
Copenhagen	S	7	45	Luxembourg	R	6	43								
Corfu	S	20	68	Madrid	F	20	68								
Dublin	C	10	50	Majorca	F	22	72								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Boeing in $3bn deal

Continued from Page 1

of which have been ordered this year. It brings total orders for all versions of the 737 is not yet the world's best-selling jet, however – that position is still held by the earlier Boeing 727, now out of production but of which 1,831 were sold. Boeing is confident, however, that the 737 eventually will out-sell the 727 by a substantial margin.

The United deal is also significant in that it confirms the current market philosophy of both Boeing and McDonnell Douglas of concentrating on existing jet types, such as the 737-300 and DM-80, while working on all-new-technology aircraft for the mid-1990s.

Boeing and McDonnell Douglas are both studying the revolutionary "prop-fan" type of engine, now under development by General Electric, Pratt & Whitney and Rolls-Royce and other engine companies. It is expected to become available in the early 1990s, cutting fuel consumption by as much as 40 per cent compared with current jet engines.

Airbus Industrie, however, believes that the prop-fan is further off than that, and is puting its emphasis on the A-320 Airbus, now under development, for service from the late 980s.

Pirelli in finance link with Olivetti chairman

By Alan Friedman in Milan

PIRELLI, Italy's leading tyre and cables group, is forging an important new financial alliance with Mr Carlo de Benedetti, the financier who is also chairman of Olivetti.

The alliance is to be achieved by way of a shareholding swap: Mr de Benedetti is to enter the shareholders' syndicate in Pirelli and Company of Milan, which has partial control of the Pirelli group. Pirelli, meanwhile, has announced plans to buy a share stake in one of Mr de Benedetti's holding companies, which among other interests, hold 13.7 per cent of Olivetti, 45 per cent of Buitoni, the foods group, 21 per cent of Euromobiliare, the investment bank, and important holdings in the L'Espresso and Mondadori publishing groups, the GIM metallurgy business and in banking and insurance.

Mr Leopoldo Pirelli said: "We have very friendly ties, both on a personal and a corporate basis." He announced that Mr de Benedetti's Sabaudia holding company would join the syndicate which will control Pirelli and Company. Pirelli and Company is merging with Caboto, an important property and gilts trader. The move is seen in Milan as a way of strengthening control of the Pirelli group and also protecting it from any hostile takeover attempts.

Mr de Benedetti owns, via Sabaudia, 7.13 per cent of Pirelli and Company and 8.19 per cent of Caboto.

The new alliance between Pirelli and Mr de Benedetti is part of a profound series of changes in the structure of the Italian private sector. Other key elements of the redrawing of the map of industrial and financial power are the present struggle for control of Mediobanca, the merchant bank, and also the issue of the future control of Montedison, the chemicals group.

● Sasib, the tobacco making machinery and car filter company controlled by Mr Carlo de Benedetti, yesterday announced plans for a L67.5bn ($38.5m) rights issue. Sasib will offer shareholders one new share for every three held, issuing a total of 15m new savings shares with a L1,000 nominal and L4,500 offer price. The price of Sasib shares on the Milan bourse yesterday was L8,600. Sasib is also to offer employees a total of 2.5m shares at a price of L2,500, to raise an additional L5bn.

Steinberg buys Mercury stake

Continued from Page 1

financial markets due to be launched a year from now. Mr Steinberg's 10 per cent stake in Mercury is equivalent to 5.8 per cent of the fully merged entity, which is to be called Mercury International Group.

Any takeover of Mercury would, however, have to receive the approval of the Bank of England, which might not wish to see one of Britain's investment banking groups pass into foreign hands. It would have to get the go-ahead from the Accepting Houses Committee, too, if Mercury wished to remain a member of that elite trade group.

An unwelcome bidder would also face the risk that Mercury's present management would leave the bank and drain it of its talent.

Mercury does not disclose its true profits or worth. Its last annual report for the year ending March 31 showed after-tax profits of £28.2m, and capital of £210m including unrealised investment gains. This is equivalent to about 484p a share, although together with hidden reserves the group is believed to be currently worth about 700p a share.

Shell profits hit by weaker $

Continued from Page 1

in the City that after allowing for the effect of currency fluctuations, the underlying performance of the company was not too bad.

However, Shell Oil's reported net income in dollar terms declined by 18 per cent, partly because of the fall in crude oil prices and the price of base chemicals, but also reflecting lower income from property sales and the special payment to employees estimated by analysts at about £100m.

Earnings on coal, chemicals and metals operations all showed a deterioration, but the group said that after allowing for restructuring costs at its Carrington plant in the UK, the underlying income from the chemicals sector was steady with sales volume at a record.

The group warned that the recent firmness in crude oil prices resulting from low stocks

THE LEX COLUMN

Strange message for Mercury

With TI Group and Allied-Lyons on its corporate finance client list, S. G. Warburg knows a thing or two about mounting a defence in advance of a bid. Warburg responded with characteristic cool to yesterday evening's announcement that Saul Steinberg interests had bought almost 10 per cent of its Mercurial parent's equity, but it is unlikely that the bank will simply thank Mr Steinberg for his vote of confidence and leave it at that.

An outright bid for Mercury looks improbable. The Bank of England would not be thrilled to see its model British investment bank stillborn and, in this instance, what goes for the Governor might go for the Government. Moreover, a bid at this stage would threaten the whole structure of the new Mercury grouping and would push some of the organisation's more talented individuals into the hands of competitors. A lot of goodwill would be paid and very little returned.

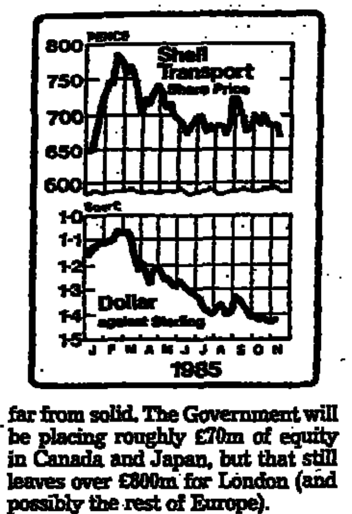
Nor, however, would it be safe to conclude that Mr Steinberg's motives are entirely benign. Memories of his attempt to take control of Chemical Bank will inevitably be revived by this investment and S. G Warburg will certainly be asking a lot of people a lot of leading questions. The bank's first port of call may be Hoare Govett, Mercury's joint broker, which appears to have handled a put-through of around 1m shares for Mr Steinberg yesterday. My, how times have changed!

Cable & Wireless

Cable & Wireless does not rank among the Government's corporate finance successes: the fixed price primary offering seriously underestimated initial demand and the sale of subsequent shares by tender looked downright bizarre. So it not surprising to see the Treasury erring on the side of caution third time round. It has leafed through its British Telecom and British Aerospace files and attempted to combine the best of both.

All should be well so long as it does not also feature the worst of Britoil. Cable is aiming its marketing compaign at the private investor and would look more than a little silly if retail applications had to be scaled down as dramatically as they were in the recent Britoil offer.

But nor can the company count on an overwhelming response. Cable shares are not exactly cheap on a prospective multiple of 17 and the equity market as a whole looks



far from solid. The Government will be placing roughly £70m of equity in Canada and Japan, but that still leaves over £800m for London (and possibly the rest of Europe).

The recent strength of the share price – it rose 13 to 613p yesterday – suggests that the market may already have discounted the effect of the marketing campaign and the technical demand for Cable. Institutions are under weight in the Telephone Networks sector, thanks to Telecom, and may want to top up in next month's offer. But enthusiasm for the company and its capital spending plans is by no means unanimous. The institutions will no doubt be very grateful for the underwriting commissions but they cannot be relied upon to subscribe for everything on offer.

Shell

Shell's third-quarter results were something of a re-run of the second quarter, with the same lump of extraordinary charges and the same confused response in the market. Reported net income at £439m was the worst quarterly result for years and under half the level of the third quarter of last year. The share price shed 25p immediately. But on more mature consideration of underlying performance, it recovered to close 12p down at 670p.

The market forecasts correctly gauged the effect on upstream earnings of stronger sterling in the third quarter, but missed the concurrent devaluation of Shell dollar assets, which contributed to a reported net foreign exchange loss of £140m. As for the £200m in extraordinary charges, they are less extraordinary than unusual: if the Curacao refinery has been finally put to bed and the golden helloes paid to Shell Oil employees there are no doubt more provisions to come on the shipping fleet – let alone in coal and metals which lost £50m in the quarter.

What is clear is that the downstream activities put in a highly respectable performance. On a current cost of supplies basis, the underlying earnings improvement was a full two-thirds above the second quarter and this showed agile trading, for although dollar-denominated feedstocks cheapened in local currency terms, the trend on the spot markets was strong.

Admittedly, this is the more volatile end of Shell's business and the effects of the cheaper dollar will have been passed on to customers in the fourth quarter, but higher winter gas volumes and production from shut-in North Sea capacity should provide a balance on the upstream side.

Case

Case had defused the impact of a first-half loss by warning the market two months ahead of the figures, which duly showed a pre-tax loss of £3.4m. Not bad going for a company which made a pre-tax profit of £4.2m in the comparable period of 1984 and has raised £47m of equity in the past 18 months. Yesterday's share price of 109p, up 3p, stands ill beside a rights price of 240p this time last year.

The difficulties stem from Case's plunge into the US, which started in May 1984 when it bought Rixon, a producer of the modems and multiplexers that go into networking systems. Rixon's more basic boxes have become a sticky market this year, causing stock write-downs and failing to provide revenue cover for Case's ambitious build-up in marketing overheads. Although sales have advanced, marketing expenses have more than doubled; in the first half of 1985, an additional £9.5m of marketing costs exceeded Case's overall growth in sales.

The theory is that the peak of hiring and training costs has now been surmounted, leaving an established US sales force to generate higher revenues from a revitalised range of networking systems, followed by a profit for the full year and resumed growth in 1987. This scenario would be more convincing if Case had given more clues yesterday to the health of its established business in the UK. But when a company with a problem chooses to present itself as a financial black box, investors may be wise to respond in kind.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Friday November 8 1985

Thomson seeks funds for project

By Paul Betts in Paris

THOMSON, the nationalised French electronics and defence group, is seeking European partners to collaborate in a $80m programme to develop an innovative high-performance microprocessor.

Mr Jacques Noels, head of Thomson's semiconductor and electronic components division, confirmed that Thomson was having discussions with GEC, Siemens and Philips on possible co-operation on the "Europrocessor" project. Thomson has already invested about $15m in the microprocessor but wants partners to help fund the remaining development costs and eventually market the product.

The French company started on the microprocessor in 1981 and has 45 people working on the project in France. The new generation microprocessor would be essentially designed for telecommunications, air-traffic control and the military. Applications would include control, command, communications and intelligence

Thomson regards the project as within the Eureka framework, especially if major companies decide to participate.

KLM sees slump in earnings from peak holiday period

BY LAURA RAUN IN AMSTERDAM

KLM Royal Dutch Airlines reported a sharp 18 per cent drop in earnings in the second quarter ending September, historically a strong period because of summer holiday traffic.

The disappointing first half, with a 5 per cent slip in profits, raises questions about whether last year's record performance will be matched this year. The second half often sees some losses because of the slack autumn and winter season.

KLM would not comment on its earnings expectations for 1985, but securities analysts had predicted a rise of between 15 per cent and 25 per cent.

The airline forecast passenger traffic would continue to expand by about 5 per cent in the second half, as it did in the first half, and that cargo would not fall any more than the 2 per cent decline already seen.

Net income slumped to Fl 188.6m ($64.4m) from Fl 230.1m in the July-September period because of a weaker dollar, higher costs of supplies and an expanded investment programme. Currency fluctuations added Fl 43.3m to operating costs compared with a Fl 24.2m subtraction in the period a year earlier.

A lower dollar means less guilder income, and this was not fully offset by cheaper dollar-denominated fuel. KLM has been battling to increase ticket sales in the US but Mr Sergio Orlandini, president-director, has castigated the US reservation system for favouring domestic airlines.

Meanwhile, the cost of supplies such as spare parts rose 38 per cent in the second quarter, and a new Airbus 310 was delivered in September as part of KLM's ambitious five-year, Fl 3bn investment programme. The Fl 170m Airbus is being leased from a consortium of French banks.

Revenues edged up 6 per cent to Fl 1.42bn as total traffic, including passengers, freight, post and charters slipped 1 per cent and the load factor (seats and cargo filled out of the total available) dipped to 67.9 per cent from 71.8 per cent. Mr Orlandini warned after the first quarter that the load factor had reached such a high level the airline was "vulnerable."

For the first nine months, net income fell to Fl 303.7m from Fl 319.4m, although profits are still ahead of 1984's full-year Fl 290m. Turnover rose 10 per cent to Fl 2.76bn.

Cincinnati in loss after write-off

By William Hall in New York

CINCINNATI MILACRON, a leading US machine-tool maker, reported a third-quarter net loss of $52m after taking a big write-off on its machine-tool and robot operations.

Mr James Geier, chairman, said: "In the face of increasing worldwide competition for machine tools and robots, we are reducing our capacity costs significantly for those product lines." The group is phasing out older manufacturing equipment and plans to reduce its annual operating costs by more than $20m following the restructuring.

Margin pressures, resulting from extremely competitive pricing for certain types of basic machine tools and robots, intensified in the third quarter.

The group incurred an after-tax operating loss of $5.7m, or 25 cents a share, in the third quarter, and took an after-tax charge of $46.24m, or $1.97. The major portion of the charge reflects a write-down to net realisable value of plant, machinery and inventories.

For the first nine months of 1985 there was a net loss of $47.3m, or $2.02 a share, and the company says this will result in a net loss for the full year. Last year the group earned $18.7m after losing $10.3m in 1983.

EdF wins cheap money with currency-swap deal

BY MAGGIE URRY IN LONDON

ELECTRICITE de France won itself cheap floating-rate dollars yesterday through a complex swap involving the first issue of dollar warrants to buy a Swiss franc bond. The Swiss National Bank's rules required that this portion of the package was lead managed within Switzerland by a Swiss Bank and the mandate went to UBS.

The 40,000 warrants are priced at $137½ and have a one-year life. Holders can use them to buy a SFr 5,000 bond with a 10-year life and 5⅝ per cent coupon. The exchange rate will be fixed at a 3 per cent discount to the spot exchange rate. If all the warrants are exercised, a SFr 200m issue will be created.

Tied in with the warrant issue is a $100m bond issue also with warrants, structured on the lines of Morgan Stanley's recent deals for Gaz de France, Denmark and Coca-Cola. This part of the package is led by Crédit Commercial de France. The host bond has a 10-year life with a 10⅝ per cent coupon and 100½ issue price which is callable after five years.

The 100,000 warrants priced at $16 can buy a non-callable bond with the same terms as the host bond by exchanging the host bonds during the first five years and thereafter for cash.

The bonds on their own were seen offered outside the 2 per cent commissions, but the warrants were in demand, particularly from investors on the European continent, and rose to around $20.

In a separate deal EDF launched a $100m Yankee issue with a 10-year life, a 9½ per cent coupon and 99.65 issue price, led by Goldman Sachs.

Shearson Lehman Brothers attempted to take advantage of an anomalous position in the five-year zero-coupon market, where demand has driven down redemption yields, by launching an issue for Denmark. This has an issue price of 64½ and the redemption amount is $100m. Fees totalled 1½ per cent and the bonds were trading within that discount.

Sumitomo Electric Industries launched a $50m seven-year deal led by Daiwa Europe which is expected to sell to Japanese investors. The coupon is 10¼ per cent and issue price 101¾.

The long-awaited floater for State Bank of India emerged as a $100m deal with a 12-year life under the management of Lloyds Merchant Bank. The issue has been the subject of competitive bids and traders said the terms were aggressive.

The interest rate will be set at 10 basis points above six-month London inter-bank offered rate (Libor) with commissions of 30 basis points. The bonds were bid at the 99.75 level where co-managers own them.

Eurodollar bonds were little changed in subdued trading yesterday, with dealers still looking for a lead from New York.

In the D-Mark floater market, Royal Bank of Canada launched a DM 300m 10-year issue led by Deutsche Bank. The coupon will be set quarterly at ⅛ per cent above Libor with a maximum of 8 per cent, and fees of 45 basis points. The weight of these new issues made its mark.

In the secondary market, trading was quieter with prices mixed after the rises of the past few days.

The Swiss franc foreign bond market is recovering in the absence of new issues with prices slightly firmer again yesterday.

Lockheed sets up $300m credit

By Our Euromarkets Correspondent

LOCKHEED, the US aerospace group, is arranging a $300m, five-year standby credit facility in the Euromarkets to back up the issue of short-term Eurocommercial paper.

Led by BankAmerica Capital Markets, the facility carries an annual fee of 10 basis points, though up to half can be held on a reserve basis for a lower fee of 6.25 points.

The deal is part of a package which will allow Lockheed to issue unlimited amounts of paper, though only $300m will be on a committed basis.

If the standby credit is drawn, Lockheed will pay a margin of 12.5 basis points over the London inter-bank offered rate for Eurodollar deposits (Libor). In addition, a utilisation fee of 6.25 points becomes payable if more than a third of the credit is drawn, rising to 12.5 points on drawings in excess of two thirds of the total amount.

BankAmerica is putting together a "placement group" of banks to handle actual sales of paper under the facility.

Strong dollar helps boost Total result

By Paul Betts in Paris

TOTAL (Compagnie Française des Petroles) oil group reported yesterday an increase in first-half profits to FFr 1.3bn ($164m) from earnings of FFr 1.2bn in the first six months of last year and profits of FFr 1.3bn for the whole of 1984.

First-half sales rose to FFr 93bn compared with FFr 81bn in the first half of last year and FFr 159bn for the whole of last year. Cash flow also rose in the first half to FFr 4.7bn from FFr 4.5bn in the first half of 1984.

The group said the rise in cash flow reflected higher revenues, expressed in French francs, from oil and gas production and trading activities which benefited, among other factors, from the strength of the dollar.

The company said its refining and retailing sector continued to be in the red despite the strong recovery in the refining and retailing business of the group's North American subsidiary, TOP (NA).

Total's gross investment in the first half amounted to FFr 5.56bn compared with FFr 9.8bn for the whole of 1984. About two thirds of the investments were in oil and gas exploration and production.

First-half earnings were boosted by an exceptional non-recurring gain of FFr 356m as a result of asset sales.

US rescue for Spanish construction group

BY DAVID WHITE IN MADRID

A RESCUE plan has been drawn up for Huarte y Compania, the Spanish construction group, which would bring it under the control of a US-based consortium, Transworld Constructions.

The takeover is being presented as a last-ditch alternative to seeking court protection from creditors. Huarte, one of the leading Spanish companies in the field and up to now controlled by family interests, has outstanding debts to Spanish and foreign banks estimated at Pta 7bn ($44m), with a similar sum owed to suppliers.

The provisional deal reached with Transworld Constructions hangs on agreement with creditors and the Spanish Government, from which the group is seeking relief on social security payments.

The plan is believed to involve writing down Huarte's share capital and injecting up to Pta 5bn in new funds.

Transworld Constructions, which includes US, Dutch, Swiss and Mexican interests, made its entry into Spain's flagging building industry earlier this year when it agreed with the Madrid authorities on the takeover of Hispano Alemana de Construcciones, formerly the civil engineering subsidiary of the Rumasa group, which was seized in 1983.

Huarte's difficulties came to the surface early last year because of the slump in Spain's domestic building market, setbacks in its main growth area of Latin America, and the unwillingness of creditors to extend their risk.

A five-year debt-restructuring plan agreed in October last year – involving sales of assets and access to Pta 1.5bn in new credit – was renegotiated this summer with a pool of creditor banks.

Brascan revalues Noranda stake

By Bernard Simon in Toronto

BRASCAN, the diversified holding company controlled by the Toronto branch of the Bronfman family, has set aside C$140m (US$103m) to cover the cost of restructuring its natural-resource interests.

The provision, which cancels out an earlier gain on the sale of the company's 25 per cent stake in Philadelphia-based Scott Paper, relates mainly to Brascan's 46 per cent interest in Noranda, the debt-burdened mining and forestry group.

Noranda suffered a third-quarter loss of C$30.6m, including a C$147m gain from the sale of its 31 per cent interest in Placer Development, the mining group and a C$150m provision for reduced value of certain other assets.

Noranda has long-term debts of more than C$2.5bn.

Brascan's third-quarter net income was C$37.6m, or 99 cents a share, up from C$24.5m, or 53 cents, a year earlier.

Flexible $500m deal for Austrian bank

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

ÖSTERREICHISCHE Kontrollbank, the state-owned Austrian bank which finances exports, has launched a $500m commercial paper programme in the Euromarkets, one of the largest such offerings yet seen.

Dr Helmut Haschek, general manager, said yesterday the programme would give the bank more flexibility in choosing when and how it taps international bond markets where it is an active borrower.

Kontrollbank has appointed four "co-ordinated but independent" dealer-managers to run the programme – Bankers Trust International, Banque Paribas, Orion Royal and Swiss Bank Corporation International.

It will be able to ask these banks to bid for paper on a tender basis, or sell paper in the market on the basis of a pre-set rate or to handle sales of paper on an ad hoc basis as offers are received.

The paper will bear maturities of up to 12 months and carry a minimum denomination of $50,000, which means it could appeal to high net-worth individual investors as well as institutional buyers.

It will be guaranteed by the Austrian Government, although that arrangement would have to be renewed.

Dr Haschek said sales of the paper would refinance existing borrowing and add new money. Next year the bank expects to borrow Sch 30bn overall, of which two thirds will redeem existing debt.

In June Kontrollbank appointed Goldman Sachs to sell its commercial paper in the US domestic market and said at the time that it was also interested in the Eurocommercial paper market.

Creditanstalt to make Sch 300m rights offer

BY PATRICK BLUM IN VIENNA

CREDITANSTALT Bankverein, Austria's largest bank, is to make a rights issue of Sch 300m ($16.6m) to raise its share capital from Sch 2.4bn to Sch 2.7bn the bank announced yesterday.

The issue will be on sale from November 11 to November 29. It is the bank's second rights issue for Sch 300m this year. Other issues are planned for next year and for 1987 to bring the bank's nominal share capital to Sch 3.3bn.

The latest issue is split between Sch 210m in ordinary shares and Sch 90m in preferential shares. It will not alter the bank's present ownership structure, under which the Government holds 60 per cent of the nominal share capital and private investors 40 per cent.

All Government shares are ordinary shares and of the privately-held shares, 75 per cent are preferred and 25 per cent ordinary. Preferential shareholders have limited voting rights.

The bank is pressing ahead with a programme to raise its nominal capital to meet requirements under a new law being prepared by the Finance Ministry to improve ratios between capital and balance-sheet totals. The capital ratios of Austrian banks are low compared with those of banks in other countries.

Dr Hannes Androsch, Creditanstalt's chairman, said yesterday that in 1984 Austria's big commercial banks had capital ratios of about 2 per cent, with Creditanstalt 2.54 per cent, compared with 5.6 per cent for Swiss banks and 3.7 per cent for British banks.

Kodak profits slide continues

By Our Financial Staff

PROFITS at Eastman Kodak, the world's largest producer of photographic products, have continued to slide. Third-quarter profits of the New York-based group dropped by 26 per cent, from $332m to $246.1m, leaving the nine-month total at $525.6m, some 27 per cent below the $719.4m, for the corresponding period in 1984.

Earnings totalled $1.09 per share against $1.37 for the quarter and $2.31 against $2.93 for the nine months.

The group managed to lift third-quarter sales from $3.15bn to $3.23bn, with US sales up 2 per cent and sales outside the US 9 per cent higher at $944.7m.

However, nine-month sales, at $7.85bn, still lagged 1984's $7.81bn, with overseas sales slightly lower at $2.42bn.

The group attributed the latest profits decline to the competitive worldwide environment and sluggish conditions in the chemical industry which led to lower selling prices.

U S insurer rises above disasters

By Terry Dodsworth in New York

AMERICAN International Group (AIG), one of the leading US property and casualty insurance companies, achieved a 31 per cent increase in net profits in the third quarter despite heavy losses on Hurricanes Elena and Gloria, as well as the Mexican earthquake.

Net income before realised investment gains rose to $100.5m, or $1.29 a share, from $76.2m, or $1.02, in the corresponding period last year.

Because of a big swing from capital losses of $16.6m to a gain of $13.1m, the group's final net earnings leapt by 90 per cent to $113.5m or $1.46 a share, from $59.6m, or 80 cents.

In the first nine months of the year, AIG's net income from operations slipped to $265.2m, or $3.50 a share, from $279.7m, or $3.76, in 1984.

Mr M. R. Greenberg, president, said the Mexican earthquake and the two hurricanes which hit the US in the quarter had led to a pre-tax catastrophe loss of $20m.

Fall for Overseas Shipholding

BY OUR NEW YORK STAFF

OVERSEAS Shipholding, one of the world's biggest bulk-shipping groups, yesterday reported a 41 per cent drop in third-quarter net income to $6.6m or 25 cents a share, on virtually unchanged revenues of $67.6m.

Earnings have been falling from their 1981 peak, reflecting the depressed international bulk-shipping markets that have resulted from the recession in world trade.

The US company noted in its last annual report that the improved economic conditions in the US, Japan and Europe have yet to be reflected in the seaborne bulk trades.

In the first nine months of 1985, Overseas Shipholding's profits fell by more than a third to $23m or $1.38 a share. The group operates a fleet aggregating 6.2m deadweight tons and has four 83,000 dwt petroleum product carriers on order. Three are scheduled to be delivered next year and the fourth will be delivered in 1987.

Bank of Helsinki

BANK of Helsinki owns 20 per cent of Arbuthnot Savory Milln Holdings, and not 15 per cent of Arbuthnot Latham as stated on November 1.

Insurance revival lifts Loews

BY WILLIAM HALL IN NEW YORK

A SHARP recovery in the insurance subsidiaries of Loews, the New York-based conglomerate headed by the Tisch brothers, was the primary factor behind the 84 per cent jump in third-quarter income from continuing operations to $145.8m.

Loews yesterday reported third-quarter net income of $217.7m, or $2.67 a share, compared with $81.9m, or $1 a share a year ago. In the latest period Loews's net income was boosted by a $72m gain on the sale of the group's theatre division, equivalent to $0.88 a share.

Loews owns the majority of CNA Financial, the Chicago-based insurer, which has been benefiting handsomely from the rapid recovery in the profitability of the US property and liability insurance business in

Loews's equity in the net income of CNA for the third quarter of 1985 totalled $62.6m, compared with $38.2m a year ago.

For the first nine months of 1985 CNA contributed $213.7m, a more than threefold increase on its contribution in the same period last year.

The Loews group earned $388.5m from continuing operations, or $4.77 a share, in the first nine months of 1985 compared with $189.6m, or $2.33 a share, in the same period of last year.

Net income for the first nine months was $473.9m, or $5.81 a share, compared with $196.8m or $2.41 a share last year. Revenues in the period rose by a fifth to $4.9bn.

With the sale of its theatre operations, Loews's business now covers cigarette manufacture, hotels and watch-making, although the bulk of its earnings come from its investment in the insurance business.

The Tisch brothers are regarded as astute investors, and Loews is acquiring a 25 per cent stake in CBS, the big US TV network. CBS has long been rumoured as a takeover target during the current wave of restructuring in the US media business.

Shaky start for Tokyo bond futures

Carla Rapoport on the turbulent first three weeks of a market

TOKYO'S new bond futures market opened with a bang just under three weeks ago. Within days, however, prices were plummeting and hundreds of investors were trying to cut their losses and scramble out of the new market with all possible speed.

Today sellers still heavily outweigh buyers and volume is down to one-tenth of that of the first day. The only speculation going on in the market now is about who has lost how much and who has managed to make money from the collapse. Estimates on both sides range up to $1bn, with most of the betting going on the individual investors as the heavy losers.

But the speculation sheds little light on how the debacle happened in the first place. In fact, the fledgling financial market was hit by two events, both of which could only have converged in Japan.

The first event was a cultural one. The first day of any new market is marked by "go-shugi" trading. The Japanese term translates to honourable congratulations, or excessive trading to mark the auspicious occasion of an institution's birth. Because of "go-shugi" the first day's volume on the Tokyo bond futures market was seven times expectations, at Y7,000bn ($34bn), compared to an expected Y1,000bn.

Further congratulatory business, by its nature, is positive, not negative, so most new investors chose to buy bond futures, reinforcing their position in the cash market. A purchase of a bond future contract anticipates a rise in prices over the next few months and a more common use of the instrument is to hedge against cash market positions.

Enter the second major event. On the fifth day of trading, October 24, the Bank of Japan gave public notice that it would allow short term interest rates to drift higher in order to defend the value of the yen. It also pointed out that the recent rise in bond prices was extremely speculative. Not surprisingly, bond prices in Tokyo began to plummet.

The futures market closed the next day, as its limit for a buying or selling price change of only Y1 could not keep pace with the fall in the cash market for bonds. On Monday of last week, the spread was widened to Y3 but sellers outweighed buyers by a huge margin, pulling the price down further.

"As far as hedging is concerned, there is a malfunction here," observed Mr Koichi Tatezono, a trader at Jardine Fleming in Tokyo. Mr Tatezono points out that the cash and futures market began to pull each other down, with investors selling cash bonds to meet their commitments in the futures markets.

The Tokyo bond futures market works on a clearing house system, in which customers must put up 1 per cent of their contract in cash and 2 per cent in securities. If the price goes down by more than 1 per cent, the client has to put up an extra 1 per cent collateral two days after the loss is declared.

Estimates on who has lost how much in the trading so far vary widely, with some insisting that at least one bond futures trader has already committed suicide in shame over his company's losses. Market traders estimate that the individual investors, largely doctors and other professionals, have been the big losers, with the securities companies cushioned by heavy selling on the first day.

In simple price terms, the market opened on October 19 with the popular December contract for the 68th 10-year government bond at Y102; yesterday it was trading at around 94.40. The volume on a daily basis is now around one-tenth that of the first day.

"We need speculators in the Tokyo market," said a Bank of Tokyo executive yesterday. "Whenever a new idea comes along, everyone wants it to be successful. In this case, it was too successful," he said.

Japanese textile groups lift earnings

By Yoko Shibata in Tokyo

JAPAN'S three leading diversified textile companies have achieved improvements in earnings for the half-year to September despite heavy research and development spending.

For Toray, the largest maker of synthetic fibres, pre-tax profits gained 20.5 per cent to Y14.98bn ($73.1m). After heavy tax payments, net profits came out flat at Y7.04bn, on sales of Y322.43bn, up 1.9 per cent.

The market for polyester and other fibres softened in the half-year, despite marketing efforts. Sales of new plastics, mainly for the automotive industry, and high-quality films for electronic appliances makers, faced well. Joint ventures with Elf Aquitaine and Pechiney of France for manufacturing carbon fibre commenced in July.

For the year as a whole, Toray's pre-tax profits are projected at Y32bn, up 25 per cent, with net profits of Y16.5bn, up 10 per cent, on projected turnover of Y655bn, ahead by 4.5 per cent.

Asahi Chemical lifted pre-tax profits by 4.7 per cent to Y18.35bn. Net profits were 11 per cent higher at Y7.59bn on sales of Y394.8bn up 4.4 per cent.

Sales in its fibres section rose just 2 per cent to account for 28 per cent of total turnover, affected by slack exports. Plastics and housing materials advanced.

Full year pre-tax profits are expected to reach Y37bn—some Y1bn more than the initial target for a rise of 4.1 per cent. Net profits are forecast at Y15bn, up 7 per cent, on sales of Y800bn, up 4.5 per cent.

At Kuraray, pre-tax profits rose 30.9 per cent to Y2.17bn, spurred by a strong performance in its non-textile business. Sales rose only 0.5 per cent to Y103.8bn.

Pre-tax profits for the full year are expected to reach Y4.5bn, up 21 per cent, on sales of Y210bn, up 1.5 per cent.

New Singapore equity contract proposed

BY CHRIS SHERWELL IN SINGAPORE

SINGAPORE'S financial futures exchange, in a marked departure from previous thinking, is studying a proposal to introduce a new stock index futures contract based on a Singapore Stock Exchange index.

The contract would be in addition to the futures contract based on the Nikkei 225 index of the Tokyo Stock Exchange. This is due to be introduced next year.

The proposal is surprising because, unlike the Nikkei stock index contract and the four existing futures contracts — covering interest rates, foreign currencies and gold—it involves a domestic economic indicator.

The idea is thus felt to be a sign of further radical thinking among Singapore policymakers at a moment when the economy is suffering negative growth for the first time in 20 years.

According to some brokers and bankers, trading at the 15-month-old Singapore International Monetary Exchange (Simex) has slowed so much over recent months that only a stock index futures contract based on Singapore's own stock market can ensure its longer-term survival.

Recovery at Hill Samuel (SA)

BY JIM JONES IN JOHANNESBURG

HILL SAMUEL (SA), the 75 per cent-owned South African subsidiary of the British Hill Samuel group, returned to the black in the half-year to September, with pre-tax profits of R535,000 ($208,000).

The previous year produced interim earnings of R1.74m, but the second-half resulted in a loss and the pre-tax profit for the year as a whole was R1.03m.

Mr Hamish Donaldson, the managing director, said the project finance and acquisition service divisions suffered a dearth of business

Net earnings per share dropped to 5.2 cents from 18.9 cents and an interim dividend has not been declared, compared with 12.5 cents last year.

Rio Tinto Zimbabwe profits soar

BY TONY HAWKINS IN HARARE

RIO TINTO Zimbabwe, the British-controlled gold producer, more than trebled pre-tax profits in the nine months to September, to Z$7.2m (US$4.2m).

This exceeded its entire 1984 earnings of Z$6.1m. In the same period last year the pre-tax results was Z$2.1m. It has declared an interim dividend of 6 cents a share, whereas none was paid last time.

Turnover rose 19 per cent in the nine months, reflecting a marginal increase in bullion sales, a higher Zimbabwe dollar price for gold, and improved results by Tinto Industries, its industrial subsidiary.

JAPANESE RESULTS

FURUKAWA ELECTRIC
WIRES AND CABLES

Half-year to	Sep. 85 Y	Sep. 84 Y
Revenues (bn)	231	230
Pre-tax profits (bn)	2.81	2.60
Net profits (bn)	1.29	2.11
Net per share	2.51	4.10
Dividend	3	3

PARENT COMPANY

MITSUBISHI METAL
COPPER SMELTING

Half-year to	Sep. 85 Y	Sep. 84 Y
Revenues (bn)	255	237
Pre-tax profits (bn)	5.55	4.06
Net profits (bn)	2.65	1.68
Net per share	4.77	3.07
Dividend	0	0

PARENT COMPANY

NIPPON EXPRESS
FREIGHT

Half-year to	Sep. 85 Y	Sep. 84 Y
Revenues (bn)	419	405
Pre-tax profits (bn)	8.04	7.90
Net profits (bn)	3.46	3.40
Net per share	3.54	3.48
Dividend	2.50	2.50

PARENT COMPANY

NIPPIN MINING
OIL, NON-FERROUS METALS

Half-year to	Sep. 85 Y	Sep. 84 Y
Revenues (bn)	511	556
Pre-tax profits (bn)	2.70	3.65
Net profits (bn)	2.02	4.90
Net per share	2.62	6.35
Dividend	0	0

PARENT COMPANY

SUMITOMO HEAVY INDUSTRIES
INDUSTRIAL & MARINE EQUIPMENT

Half-year to	Sep. 85 Y	Sep. 84 Y
Revenues (bn)	114	146
Pre-tax profits (bn)	1.20	1.84
Net profits (bn)	†1.96	1.24
Net per share	†3.98	2.62
Dividend	0	2.50

PARENT COMPANY
† Loss.

DAIWA EUROPE LIMITED
JAPANESE EQUITY WARRANTS SERVICE

The Daiwa Warrant Index: 1,786.75 (1000=2 Jan 1985)

Dollar warrant market value $1,080,925,000

ISSUER—Warrant expiry date	Current Market Prices: Wrnt BID (%)	Wrnt OFFER (%)	Share Price (Yen)	Offer Calculations: Premium (%)	Gearing	Premium/Gearing Ratio
AICA KOGYO 17/8/90	20.50	22.00	755	16.60	5.46	3.04
CASIO COMPUTERS 6/3/89	53 50	55.00	1,760	4.68	2.98	1.58
C. ITOH (NEW) 4/5/89	35.50	37.00	421	7.45	3.75	1.99
C. ITOH (OLD) 20/1/87	55.00	59.00	421	23.71	2.34	10.13
DOWA MINING 20/7/90	10.50	12.00	589	43.26	7.57	5.71
FUJIKURA CABLE 28/4/89	17.50	19 00	337	34.45	6.10	6.76
HAZAMA GUMI 1/11/89	10.00	11.50	356	44.88	8.01	5.60
JAPAN SYN. RUBBER 28/4/89	13.00	14.50	353	42.14	6.11	6.90
JUSCO 22/12/88	89.00	94.00	961	6.58	2.12	3.10
KAYABA INDUSTRIES 15/2/89	17.50	19.00	280	15.25	6.17	2.47
KOKUSAI KOGYO 19/9/90	17.50	19.00	1,890	18.49	6.19	2.99
KOMORI PRINTING 20/12/89	29.50	31.00	2,120	21.07	4 08	5.17
MARUBENI 30/9/92	15.50	17.00	336	30.19	6.17	4.89
MARUZEN 12/2/90	17.50	19.00	530	15.17	6.74	2.25
MINEBEA 20/2/89	63 00	67.00	789	56.20	1.75	32.17
MIT. CHEMICAL 20/2/87	95.00	99 00	505	19.50	1.78	10.99
MIT. CORPORATION 7/11/88	34.00	35 50	598	9.18	3.91	2.35
MIT. ESTATES 16/10/92	31.50	33.00	1,200	20.17	3.55	5.68
MIT. GAS & CHEM. 20/3/89	33.50	35.00	385	11.42	3.74	3.05
MITSUI E/S (NEW) 15/10/88	11.50	13.00	156	20.61	8.18	2.52
MITSUI E/S (OLD) 10/12/87	30.00	32.00	155	17.68	4.14	4.26
MIT. METAL (OLD) 10/2/89	81.00	86.00	610	33.45	1.76	19.05
MIT. METAL (NEW) 10/11/89	15.00	16 50	610	30.64	6.29	4.87
MITSUI PETROCHEM. 15/2/90	45.50	47.00	466	11.26	3.37	3.35
NIPPON MIN. (OLD) 17/3/89	99.00	103.00	368	50.81	1.38	36.86
NIPPON MIN. (NEW) 15/6/90	13.00	14 50	358	44.82	6.58	6.81
NIPPON YUSEN KK 18/10/90	21.00	22.50	378	16.50	4.95	3.33
NISSHO IWAI 1/2/89	13.50	15.00	269	17.57	7.42	2.37
NOMURA SECS. 31/10/88	68.50	70.00	1,090	3.28	2.56	1.28
OHBAYASHI GUMI 5/4/89	72.00	76.00	401	2 53	2.40	1.06
OMRON TATEISHI 31/3/89	10.50	12.00	1,350	86.91	5.46	15.90
ONODA CEMENT 28/2/90	15.50	17.00	333	20.01	7.14	2.80
OPTEC DAI-ICHI 23/2/90	27.50	29.00	630	28.21	4.24	6 66
OSAKA TRANSF. 29/1/90	24.50	26.00	656	11.37	5.23	2.17
RENOWN 24/1/89	18.00	19.50	755	20.74	5.74	3.62
RICOH 20/9/90	36.00	37.50	1,050	11.39	3.78	3.01
RYOBI LTD. 25/5/90	13.50	15.00	390	19.63	7.72	2.54
SEINO TRANS. 17/3/89	14.50	16 00	1,730	15.61	6.79	2.30
SEIYU STORES 20/3/87	61.00	65.00	729	35.20	2.04	17.22
SEKISUI CHEM. 20/9/90	49.50	51.00	620	18.23	2.84	6.41
SONY CORP. 26/4/90	19.50	21.00	3,780	38 68	5 05	7 67
SUMI. CONST. 24/3/89	64 00	68.00	297	5.14	2 52	2.04
SUMI. HEAVY 24/2/89	19.00	20.50	220	18.28	5.61	3.26
SUMI. REALTY 21/11/89	118.50	120.00	1,030	0.57	2.00	0.28
TOKYO ELECTRIC 14/3/89	12.50	14.00	1,160	35.33	6.83	5.17
TOKYO SANYO 8/6/87	155 00	160.00	614	66.34	1.05	63.00
TOKYU CORP. (OLD) 29/1/90	96.50	98.00	585	−0.94	2 31	−0.41
TOKYU CORP. (NEW) 29/10/90	24.00	25.50	585	29.50	4.02	7.34
TOKYU DEPT. STORES 20/7/90	40.00	41.50	602	11.94	3.54	3.37
TORAY INDS. 5/3/87	37.00	38.50	520	15.35	3.46	4.44
TOYO ENG. 28/2/89	50.00	54.00	661	49.55	2.10	23.60
YAMAMURA GLASS 8/5/90	12.00	13 50	420	35.10	7.48	4.69
YAMATO KOGYO 29/1/90	15.60	17.00	600	17.08	7.19	2.38
MINEBEA 15/3/90	40.00	44.00	775	27.31	2.55	10.70

Reuters Monitor DABF/G/H/I/J/K — Further information from: Freddy Glock, Beverly Kelly or Edward Cartwright on 01-236 6060
Daiwa Europe Limited, 14 St Paul's Churchyard, London EC4M 8BD

THE SOUTH AFRICAN BREWERIES LIMITED

(Incorporated in the Republic of South Africa)
Registration No. 69/16025/06

Interim report for the six months ended 30 September 1985

COMMENT

Earnings

Shareholders were advised in the Annual Report that earnings for the first half of the financial year were expected to be well below those of the previous year. In fact, Group earnings declined by 29% as a consequence of the serious contraction in private consumption expenditure, which is estimated to have fallen by some 6% in real terms over the six months to September 1985.

The Beer Division, however, performed remarkably well by recording a 1% increase in volume. This was a major factor in the 8% profit improvement achieved by the beverage interests of the Group. The remaining interests bore the brunt of the depressed trading climate in the mass consumer markets and contributed only R11,3 million to attributable earnings, approximately 60% less than the previous year.

Dividends

An unchanged interim dividend of 10,0 cents per ordinary share has been declared. This is covered almost twice by earnings.

Dividends on the variable rate preference shares totalled R6,9 million for the six months to 30 September 1985 (1984: Nil).

Financial position

The consolidated financial gearing ratio at 30 September 1985 stands at 50% of total shareholders' funds. This reflects the continuing financial strength of the Group as well as the benefits of a strict asset management programme.

Prospects

Real growth in private consumption expenditure is not expected to materialise before mid-1986. Therefore, any improvement which can be anticipated in overall business activity over the remainder of the financial year, when the greater proportion of the Group's profits is earned, is likely to be only moderate.

Against this background and the volatile socio-economic situation, it will be extremely difficult for the Group to meet the target of achieving a level of earnings in line with those of the year ended 31 March 1985. Nevertheless, barring any further deterioration in the consumer environment, the Group's performance is not expected to fall far short of this target. Positive factors are the relatively low level of activity achieved in the same period of the previous year, the recent decline in interest rates and the availability of deferred investment allowances.

For and on behalf of the Board,
G H Waddell (Chairman)
J M Kahn (Group Managing Director)

6 November 1985

FINANCIAL RESULTS
Consolidated income statements

	Six months ended 30.9.85 Rm	Six months ended 30.9.84 Rm	Rate of change 85 vs 84 %	Year ended 31.3.85 Rm
Turnover	2 627,0	2 534,4	+4	5 359,2
Trading profit	130,4	157,5	−17	354,4
Interest paid	66,5	55,7		132,2
	63,9	101,8		222,2
Taxation	12,1	32,6		22,3
	51,8	69,2		199,9
Dividend income and equity accounted earnings	15,4	21,1		48,6
Profit after taxation	67,2	90,3	−26	248,6
Attributable to outside shareholders and preference dividends	16,4	18,4		33,2
Foreign exchange provision	—	—		5,0
Attributable to ordinary shareholders	50,8	71,9	−29	210,3
Earnings per ordinary share (cents)	19,4	27,5	−29	80,4
Dividends per ordinary share (cents)	10,0	10,0		36,0
Ordinary shares (millions) Number on which e.p.s. is based	261,7	261,5		261,6
Capital expenditure (Rm) Incurred	204,0	170,0		325,0
Contracted	297,0	154,6		222,0
Authorised but not contracted	113,0	150,0		247,0

Consolidated balance sheets

	30.9.85 Rm	30.9.84 Rm	31.3.85 Rm
Shareholders' Funds			
Ordinary	1 201	1 136	1 182
Preference	147	47	147
Outside	351	278	295
	1 699	1 461	1 624
Interest bearing debt			
Long term	724	576	618
Short term	121	207	58
	845	783	676
Total capital employed	2 544	2 244	2 300
Fixed assets			
Operating assets	1 329	1 215	1 263
Investments and loans	473	352	390
	1 802	1 567	1 653
Current assets	1 541	1 413	1 420
Total assets	3 343	2 980	3 073
Interest free liabilities			
Current	751	701	726
Deferred	48	35	47
	799	736	773
Net assets	2 544	2 244	2 300
Gearing ratio			
Interest bearing debt: Total shareholders' funds	0,50	0,54	0,42
Net worth per ordinary share (cents)	459	434	451
Contingent liabilities (Rm)	27	6	27
Finance leases (Rm)			
Aggregate net present value of future finance lease commitments	128	116	120

DECLARATION OF INTERIM DIVIDENDS

NOTICE IS HEREBY GIVEN THAT on 6 November 1985 the Directors declared the following interim dividends on account of the year ending 31 March 1986 payable on or about 27 December 1985 to Shareholders registered on 22 November 1985.

Ordinary shares

An interim dividend of 10,0 cents per share (last year's interim dividend 10,0 cents per share).

Fixed rate preference shares

Interim dividends calculated in respect of the six months ended 30 September 1985:

Class	Nominal value per share	Dividend per share
6,2% cumulative	R2,00	6,2 cents
7,0% convertible redeemable cumulative	R1,00	3,5 cents
7,0% cumulative	R1,00	3,5 cents

The foregoing dividends are declared in the currency of the Republic of South Africa. Warrants in payment will be posted on or about 27 December 1985 to Members at their registered addresses or in accordance with their written instructions and will be despatched from the office of the transfer secretaries in Johannesburg to all payees except those to whom payment will be made from the office of the London Secretaries of the Company (Barnato Brothers Limited, 99 Bishopsgate, London EC2M 3XE).

Any instructions which will necessitate an alteration in the office from which payment is to be made must be received on or before 22 November 1985.

Payments from the office of the London Secretaries of the Company will be made in United Kingdom currency calculated by reference to the rate of exchange ruling on 11 December 1985 or at a rate not materially different therefrom.

South African Non-Resident Shareholders' Tax at the rate of 14,03% and United Kingdom Tax will be deducted from the dividends where applicable.

The Transfer Books and Registers of Members in respect of the shares which are the subject of this notice will be closed from 23 November to 1 December 1985, both dates inclusive.

By order of the Board
B C Waigel
Group Secretary

2 Jan Smuts Avenue
Johannesburg 2001
6 November 1985

Directors: G H Waddell (Chairman), J M Kahn (Group Managing Director), A H Bloom, C Carrington (British), R S Cohen, F J C Cronje, D Gordon, M B Hofmeyr, M J Levett, R L Lloyd, W S MacFarlane, M Rapp, A M Rosholt, D H Stevenson, J G van der Horst, L van der Watt, K R Williams (British)

SAB

Copies of this Interim Report are obtainable from the London Secretaries Barnato Brothers Limited, 99 Bishopsgate, London EC2M 3XE.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for November 7.

U.S. DOLLAR STRAIGHTS

Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS

Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES

Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS

Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS

Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS

Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS

Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INTERNATIONAL COMPANIES & FINANCE

David Housego reports on the footwork to strengthen France's leading shoe retailer

Andre steps over the competition

CHAUSSURES ANDRE, France's leading shoe-retailing group, is also one of the few to have profited from the recent slump in French shoe sales. During the past four years it has more than doubled its turnover through buying vulnerable competitors who have been unable to weather the recession.

Mr Jean-Louis Descours, chairman, said: "We have taken advantage of the 10 per cent volume drop in sales in France in the past two years to enlarge our territory and build for the future."

In the medium and upper end of the market, Mr Descours reckons his purchases have brought him the equivalent of at least 10 years of internal expansion. Group consolidated turnover is now around FFr 3.5bn ($444m).

Accompanying this growth, the group last month sought a listing on the Paris second marché by offering 15 per cent of its shares to the public at an offer price of FFr 580.

The shares were immediately traded at FFr 676m – a 20 per cent premium which reflects the market's optimistic assessment of both Andre's future profitability and more generally of the growth prospects of the more aggressive French retail groups in the non-food sector.

Andre now intends to pause for breath – "We have eaten a great deal and we are no longer hungry," says Mr Descours – but it has still plenty of room for further expansion.

Independent retailers protected by the French tax system and by various administrative practices, still control 45 per cent of French shoe sales. However, their share of the market has been slipping by a percentage point a year, and Mr Descours anticipates it will go on falling to the benefit of the larger groups.

At the same time, Andre has copied the large US retail shoe groups by branching out into clothing. This year it opened the first of a new range of clothes discount stores.– La Halle aux Vêtements.

Andre, which was long known as a popular retail chain, began its recent expansion drive in 1981 by moving into two new areas. Four years ago it decided to establish shoe stalls under licence in supermarkets and hypermarkets. There are now around 100 Cassina stalls managed by Andre, on which the group pays royalties to the large supermarket chains.

A year later the group opened its first self-service discount shoe store, La Halle aux Chaussures, aimed at the lower end of the market. It now has around 100 of these stores across the country.

In 1981 Andre also made its first external acquisition when it paid FFr 125m for Jallatte, the manufacturer of safety boots which has widely spread sales across Europe and the US. Jallatte's turnover has nearly doubled in three years to FFr 448m with exports accounting for 55 per cent of sales.

Two further opportunities for expansion by acquisition followed shortly afterwards, giving the group a much-needed opportunity to strengthen its grip in the middle and upper ranges of the French shoe market.

In 1984 it purchased Minelli, a fashionable and fast-growing chain of women's shoe shops. Although Minelli had a strong reputation for creativity and marketing, it was hit by the downturn in French shoe sales and recorded losses in 1982. It owns 136 shops and sold 1.2m pairs of shoes last year.

Earlier this year, Andre also acquired a majority stake in Sag Chaussures which owns the Raoul and Dressoir brand marks. Sag's strength was its many well-sited shops across France. However, it has recently fallen behind in sales organisation and creativity. Andre is keeping 120 Raoul and Dressoir shops while selling 38 which overlap with existing sites to Clark's of Britain.

Andre is integrating its purchases into the group. With Minelli, the major effort is going into installing computerised control and improving its supply and training systems.

The overhaul at Sag has been more drastic with the shedding of 180 jobs at the former Sag headquarters.

The major change will be the splitting of Andre's interests in the middle and upper range of the market into two new chains embodying its existing Monclair and Byron trade markets.

One chain will preserve the Minelli name and sell stylish feminine shoes. The second, Orcade, will concentrate on men's, women's and boys' shoes in the middle to upper-income brackets. Mr Descours says the style will be like Bally "but a little younger."

The recent expansion has thus changed the scale of the group and widened its range of products. The number of shops has doubled to more than 1,000 while turnover has grown from FFr 1.3bn in 1980-81 to an estimated FFr 3.5bn. This makes Andre about twice the size of its nearest competitor with a market share of 10 per cent. But apart from Jallatte, its only foreign subsidiary is Andre Deutschland.

However, the rapid expansion has also meant a temporary downturn in profitability. Net consolidated profits were the same for the two financial years 1981-82 and 1983-84 at FFr 70m but fell as a proportion of turnover from 3.5 per cent to 2.7 per cent.

Nevertheless the group expects the fruits of its expansion will be reflected in a steady improvement in profitability between now and 1988.

The expansion has equally added to the group's medium-term and long-term debt which has grown from FFr 284m in August 1982 to FFr 448m in August 1984. Financial charges have remained flat as a proportion of turnover at about 3 per cent, largely because of the lowering of interest rates.

Unlike many shoe distributors, the Andre group believes it is important to maintain a domestic manufacturing base to ensure quality and regularity of supplies. Some 15-20 per cent of Andre shoes are made in France.

The new share listing gives the group a market value of FFr 1429m. The 15 per cent of shares offered to the public came from 37 per cent held by the Leven group – a small body of shareholders centring on Mr Gustave Leven, the chairman of Perrier.

The other main shareholder is Eurafrance, part of the Lazard banking group. Mr Descours says such "dynamic shareholders" were a factor in encouraging the development of his enterprise.

1st DECEMBER 1985 REDEMPTION

METROPOLITAN ESTATE & PROPERTY INTERNATIONAL N.V.

U.S.$15,000,000 8¾% LOAN 1986

REDEMPTION OF BONDS

Metropolitan Estate and Property International N.V. announces that for the redemption period ending on 1st December 1985 it has purchased and cancelled bonds of the above Loan for U.S.$850,000 nominal capital and tendered them to the Trustee.

The nominal amount of bonds to be drawn for redemption at par on 1st December 1985 to satisfy the Company's current redemption obligation is accordingly U.S.$1,150,000 and the nominal amount of this Loan remaining outstanding after 1st December 1985 will be U.S.$1,800,000.

DRAWING OF BONDS

Notice is accordingly hereby given that a drawing of bonds of the above Loan took place on 22nd October 1985 attended by Mr. William Brignall Kennair of the firm of John Venn & Sons, Notary Public, when 1,150 bonds for a total of U.S.$1,150,000 nominal capital were drawn for redemption at par on 1st December 1985, from which date all interest thereon will cease.

The following are the numbers of the bonds drawn:

89	106	107	108	109	110	111	124	145	159	160	162	165	170	172	174	330	331	336	337
434	439	441	459	465	468	531	532	571	572	575	577	578	580	584	636	654	656	658	659
662	757	759	760	761	763	764	766	769	771	775	777	778	780	788	1167	1169	1359	1360	1362
1363	1515	1517	2043	2106	2108	2111	2116	2121	2124	2130	2225	2226	2229	2230	2372	2472	2474	2882	2883
2884	2885	2887	2888	2890	2903	2917	2918	2919	2920	3544	3553	3556	3558	3559	3562	3563	3565	3566	3572
3575	3578	3579	3580	3583	3584	3585	3591	3592	3593	3598	3600	3601	3602	3606	3609	3610	3672	3674	3675
3681	3684	3685	3687	3692	3693	3698	3715	3723	3724	3735	3737	3738	3739	3752	3772	3775	3777	3778	3781
3783	3784	3786	3789	3797	3801	3803	3804	3809	3812	3815	3838	3840	3841	3843	3877	3879	3887	3947	3948
3950	3956	3958	3996	3997	3998	4000	4003	4005	4009	4021	4027	4028	4029	4031	4032	4033	4036	4038	4041
4042	4043	4044	4045	4049	4050	4052	4115	4117	4129	4147	4148	4151	4153	4156	4157	4160	4161	4163	4164
4166	4167	4171	4173	4174	4175	4194	4195	4198	4211	4214	4215	4216	4218	4219	4220	4287	4288	4561	4562
4563	4571	4573	4574	4577	4579	4581	4585	4586	4588	4590	4600	4601	4602	4615	4616	4618	4621	4622	4623
4626	4627	4628	4630	4634	4636	4637	4639	4641	4645	4646	4648	4649	4650	4652	4653	4654	4655	4658	4659
4661	4662	4663	4664	4665	4667	4669	4670	4673	4675	4676	4680	4683	4684	4685	4687	4688	4691	4692	4695
4696	4698	4700	4701	4704	4707	4708	4711	5251	5321	5324	5328	5373	5376	5386	5905	5907	6188	6189	6442
6607	6610	6612	6613	6689	6690	6693	6696	6700	6704	6705	6710	6711	6714	6716	6719	6721	6722	6727	6730
6731	6734	6736	6741	6742	6743	6744	6745	6746	6749	6751	6757	6758	6764	6765	6766	6767	6768	6770	6771
6773	6774	6778	6779	6782	6785	6787	6788	6794	6799	6801	6802	6803	6807	6808	6810	6811	6821	6822	6823
6824	6825	6828	6831	6832	6835	6839	6840	6841	6847	6849	6853	6855	6858	6859	6861	6862	6865	6866	6870
6875	6878	6882	6884	6886	6888	6890	6892	6893	6895	6897	6899	6901	6905	6906	6909	6911	6915	6916	6917
6918	6919	6920	6927	6929	6931	6932	6936	6937	6938	6941	6942	6945	6946	6948	6954	6957	6960	6961	6963
6964	6966	6969	6970	6971	6974	6975	6977	6978	6979	6982	6985	6987	6990	6991	6994	6995	6997	6998	7003
7004	7005	7007	7012	7060	7061	7172	7173	7174	7175	7177	7179	7182	7183	7184	7187	7189	7190	7191	7193
7194	7195	7197	7198	7202	7203	7205	7207	7208	7210	7211	7213	7217	7220	7236	7243	7246	7247	7250	7255
7259	7261	7263	7267	7268	7269	7271	7273	7277	7283	7284	7285	7287	7289	7296	7297	7300	7304	7305	7435
7436	7437	7442	7443	7445	7448	7450	7451	7452	7454	7455	7457	7460	7465	7466	7480	7526	7629	7832	7834
8018	8019	8024	8025	8026	8027	8028	8030	8037	8041	8042	8043	8192	8374	8377	8378	8791	8793	8816	8818
9228	9232	9235	9238	9239	9240	9241	9880	10005	10276	10310	10312	10315	10317	10440	10443	10444	10448	10450	10451
10453	10454	10458	10460	10461	10462	10463	10466	10468	10471	10472	10478	10479	10480	10481	10484	10485	10486	10487	10511
10512	10514	10515	10517	10524	10525	10527	10529	10531	10533	10537	10538	10541	10542	10544	10547	10551	10575	10577	10580
10582	10585	10586	10588	10592	10594	10597	10598	10599	10608	10609	10611	10612	10615	10628	10629	10630	10632	10634	10635
10636	10640	10641	10642	10645	10646	10648	10649	10651	10652	10654	10655	10659	10667	10674	10676	10678	10679	10680	10681
10683	10684	10687	10688	10693	10748	10749	10750	10751	10753	10755	10831	10838	10840	10844	10847	10851	10853	10854	10857
10859	10863	10865	10867	10872	10875	10877	10878	11014	11016	11017	11019	11021	11028	11030	11035	11038	11041	11043	11044
11049	11050	11103	11105	11107	11111	11122	11135	11136	11137	11139	11140	11159	11160	11161	11163	11169	11173	11175	11176
11178	11184	11189	11191	11194	11202	11203	11204	11205	11206	11208	11209	11210	11216	11217	11218	11219	11241	11242	11243
11257	11263	11264	11265	11269	11272	11281	11287	11290	11295	11296	11301	11304	11307	11312	11319	11321	11325	11326	11327
11330	11333	11335	11336	11337	11338	11339	11346	11347	11388	11391	11392	11394	11397	11401	11409	11410	11412	11413	11414
11419	11422	11427	11428	11430	11431	11432	11439	11440	11441	11445	11447	11449	11450	11451	11453	11457	11458	11459	11461
11462	11463	11465	11466	11469	11471	11472	11473	11477	11478	11486	11487	11489	11495	11497	11503	11504	11505	11511	11514
11515	11516	11519	11520	11525	11534	11538	11543	11546	11549	11553	11557	11690	11691	11693	11696	11698	11700	11701	11705
11707	11708	11710	11715	11716	11718	11806	11811	11812	11813	11814	11815	11816	11818	11820	11821	11822	11824	11834	11859
11862	11868	11869	11870	11884	11885	11886	11887	11891	11893	11894	11897	11900	11901	11902	12039	12040	12042	12047	12052
12057	12082	12090	12092	12093	12094	12096	12097	12099	12105	12112	12113	12116	12120	12121	12122	12124	12125	12126	12127
12131	12132	12134	12137	12140	12144	12145	12146	12150	12154	12164	12169	12171	12180	12182	12183	12184	12185	12187	12188
12189	12191	12194	12201	12203	12204	12207	12208	12209	12210	12212	12216	12218	12219	12220	12229	12233	12234	12236	12243
12250	12254	12267	12271	12273	12277	12279	12284	12285	12287	12290	12294	12298	12299	12300	12304	12307	12308	12310	12311
12314	12316	12317	12318	12319	12320	12322	12323	12325	12326	12327	12330	12331	12336	12337	12339	12342	12345	12347	12348
12378	12381	12392	12398	12399	12400	12404	12408	12409	12418	12419	12420	12422	12423	12427	12435	12440	12441	12442	12444
12447	12450	12451	12474	12475	12509	12510	12513	12514	12516	12525	12526	12529	12534	12537	12538	12539	12540	12543	12545
12548	12550	12558	12559	12560	12561	12563	12565	12570	12571	12572	12575	12577	12580	12581	12582	12587	12588	12591	12592
12609	12611	12612	12613	12630	12631	12634	12635	12637	12638	12640	12643	12644	12645	12646	12650	12651	12652	12656	12658
12659	12663	12667	12671	12680	12685	12687	12690	12692	12693	12697	12701	12702	12703	12705	12706	12707	12714	12717	12719
12720	12722	12723	12725	12726	12727	12728	12734	12740	12744	12747	12752	12758	12763	12764	12766	12768	12769	12773	12809
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12864	12865	12873	12875	12883	12887	12891	12893	12894	12895	12896	12897	12901	12909	12911	12916	12922	12926	12929	12931
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13137	13144	13514	13515	13521	13522	13523	13524	13525	13526	13527	13528	13530	13531	13532	13534	13535	13536	13537	13539
13540	13541	13566	13567	13574	13575	13578	13580	13582	13583	13584	13588	13591	13592	13593	13595	13597	13598	13600	13609
13610	13614	13615	13616	13622	13627	13631	13635	13637	13638	13640	13646	13648	13649	13653	13655	13656	13657	13658	13659
13662	13724	13725	13728	13730	13732	13735	13737	13739	13740	13744	13748	13752	13753	13755	13759	13762	13763	13768	13771
13772	13773	13775	13776	13778	13782	13787	13803	13804	13817	14189	14190	14192	14193	14199	14200	14202	14209	14210	14211
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14291	14294	14295	14296	14298	14299	14302	14305	14307	14308	14310	14311	14312	14313	14314	14316	14323	14325	14327	14332
14333	14336	14337	14338	14340	14341	14342	14343	14344	14345	14346	14347	14352	14353	14356	14359	14360	14366	14369	14370
14379	14380	14386	14389	14398	14404	14406	14410	14420	14421	14422	14424	14425	14428	14430	14432	14435	14436	14437	14438
14447	14449	14460	14461	14463	14705	14708	14713	14714	14718	14719	14720	14725	14726	14728	14730	14732	14733	14734	14736
14737	14738	14740	14742	14747	14750	14752	14754	14755	14756	14765	14766	14770	14771	14773	14775	14776	14778	14781	14783
14785	14787	14788	14801	14804	14805	14807	14808	14813	14814	14815	14819	14822	14823	14825	14832	14833	14834	14838	14842
14843	14845	14847	14851	14853	14855	14861	14863	14864	14868	14872	14876	14878	14879	14881	14883	14886	14887	14888	14890
14891	14892	14893	14894	14896	14897	14898	14899	14901	14902										

Witness: W. B. Kennair, Notary Public.

The above bonds may be presented for payment of the proceeds of redemption at par on or after 1st December 1985 at the offices of the paying agents named on the coupons in the manner specified in Condition 7 of the Terms and Conditions of the Loan printed on the reverse of the bonds. Each of these bonds when presented for redemption must bear the coupon dated 1st December 1986, otherwise the amount of the missing coupon will be deducted from the principal to be repaid.

Principal Paying Agent N M Rothschild & Sons Limited New Court St Swithin's Lane London EC4P 4DU

8th November 1985

Danieli finds out how to balance success against independence

James Buxton, recently in Buttrio, north-east Italy, describes how the steel equipment maker has grown

THE LINE on the sales graph pointing downwards is the classic backdrop to cartoons about businesses in trouble. But for Danieli, the Italian manufacturer of steel-making equipment, this is the objective it sincerely wants to achieve later this decade.

Fifteen months ago, on June 30 1984, Danieli's order book stood at L248bn. At the end of June this year it had jumped almost sixfold to L1212bn, thanks in large part to the winning of two big turnkey contracts in the Soviet Union.

As a result Danieli's sales are likely to jump from the L240bn ($1.5bn) they reached in 1984-85 to L350bn in 1985-86. The following year they should hit between L550bn and L600bn as work on the contracts reaches its peak. But for 1987-88 Danieli is predicting slightly lower sales (about L500bn) and after that the sales curve is expected to fall further.

"That's the way we want it to be," says Mr Gianpietro Benedetti, Danieli's technical and commercial director. "We want to get a big turnkey order every few years but we don't want to expand the whole structure of the company in response to big orders. We want to remain a relatively small company and keep a cohesive, dedicated management team.

"In fact to guard against any tendency to self-congratulation on winning these Soviet orders, we want to make ourselves more lean, even Spartan. If another big order came along now we would think very hard before accepting it."

Danieli is one of only about half a dozen companies in the world which specialise in building and equipping steel mini-mills up to a capacity of 500,000 tonnes a year. It operates all over the world, but it has no ambition to move into building larger steel and process plants —the domain of companies like Demag of West Germany, Davy McKee of the UK, and Italimpianti, the Italian state-owned company.

Rather, it wants to keep its own identity. Danieli's managing director is Ms Cecilia Danieli, the grand-daughter of the man who founded it in 1914. Since 1929 it has been based at Buttrio, a village in Friuli, in north-east Italy, which lies under the Alps near the Austrian and Yugoslav borders. It is a location that could hardly be sustained without the company's five-seater Cessna executive jet, which operates from Trieste airport.

Cecilia, as this tall and affable lady in her forties is universally known around the plant, took over running Danieli from her father, Dr Luigi Danieli, in 1978. At that point the company had been through a difficult patch in the wake of the first oil crisis and had just taken on a contract to build a big mini-mill at Brandenburg in East Germany.

"We completed the plant three months ahead of schedule in 1980," says Mr Benedetti, Cecilia's effervescent right-hand man, "but in the process we made the mistake of forgetting about our smaller customers." For in addition to turnkey jobs, Danieli makes heavy machinery for laminating, forging and other means of working hot and cold steel.

As a result, Danieli needed more capital after fulfilling the Brandenburg contract. The Danieli family sold a minority stake (now equal to about 16 per cent) to Schloemann Siemag, the West German steel plant manufacturer. Two years later, after a major reorganisation, it won sub-contracts worth about $100m for a steel plant at Shlobin in the Soviet Union, which was being built by Voest Alpine, the Austrian steel company. It was about then that it began negotiating the Soviet drilling rigs contract.

"It took three years," says Mr Benedetti. "For the first two years we were discussing only the technical specifications —the Soviet officials had to initial every one of the thousand or more pages in the specification, and they even suggested improvements."

The final year was spent finalising the contract, price and payment terms, still in competition with Creusot Loire and other foreign rivals. A crucial move in Danieli's favour appears to have been the Soviet decision to allow Italian companies to denominate the contracts in European currency units.

This allowed Italy to offer the Soviets a lower rate of interest on the financing of the contract (Ecu 380m or L577bn) than would have been possible in other currencies. The deal was finally announced when Mr Bettino Craxi, the Italian prime minister, visited Moscow last May.

But not every contract in the Soviet Union takes years to negotiate. Shortly after the conclusion of the drilling rigs plant contract, the Russians concluded a $180m, or L318bn deal for a plant to make steel cord for use in tyre-making.

How can Danieli fulfil two such big orders without increasing its size and its 1,500-strong labour force? "In a big order like this we of course define the project as a whole, but some of the detailed manufacturing work we farm out to other companies.

"We like to call these self-contained components of the contract 'containers': we take responsibility for them but naturally the work is not done by Danieli." Mr Benedetti estimates that L170bn to L200bn of the L500bn drilling rigs plant contract will be actually handled within Danieli itself over a 24-month period.

"But this time we don't intend to repeat the mistake we made the first time we won a very big order," says Mr Benedetti. "We are not going to forget our bread and butter customers." Since winning the Soviet orders, Danieli has won contracts for a further L60bn-worth of steel-making machinery.

Mr Danieli is quite confident that the company's profits will rise as turnover shoots up in the next three years. Danieli's financial health has improved markedly in the last few years. At the end of 1981 debt was equal to 6.4 times net assets. Now the ratio is zero.

Between the 1981-82 financial year and that for 1984-85, group consolidated profits rose 53 per cent, exactly in line with sales, to reach L23.05bn on sales of L237bn for the last full year. For the parent company, Danieli and Co profits per share went up by 26.8 per cent in the past year, and dividends by 33 per cent.

Those figures would matter to few people if Danieli were still a private company. But in May 1984, Danieli was granted a listing on the Milan stock exchange after making two capital increases. As a result 26 per cent of Danieli and Co's nominal capital of L12bn is owned by 2,100 shareholders, of whom about half are employees of the company.

They bought their shares for L2,250 each. Now, thanks to the company's good results and the bull market in Milan, they are worth almost L7,000 apiece.

Ms Danieli is confident of rising profits.

UK COMPANY NEWS

Allied attacks Elders' record

By Martin Dickson

Allied - Lyons yesterday launched a scathing attack on Elders IXL, which is making a £1.8bn bid for Allied, and described it as a "not very successful Australian conglomerate with overweeningly extravagent ambitions, which are not backed by demonstrable international experience or by its own resources."

It claimed that Eledrs' margins on its brewing business were so inadequate that "were it part of the beer division of Allied-Lyons, speedy and far-reaching remedial action by management would be considered essential."

But Mr John Elliott, chief executive of Elders, bit back last night and said: "Allied are obviously getting nervous. This is another hysterical response."

The attack was made in what Allied termed a briefing paper for the Press. It said that Elders had recently been conducting a major advertising and public relations exercise, "presumbaly in an attempt to establish its credibility as a large, highly successful and international company."

"The facts," claimed Allied, "show that it is neither large nor particularly successful and furthermore that it is by UK standards already seriously overgeared."

The paper said Elders' published balance sheet at June 30 showed a ratio of debt to ordinary shareholders' funds of over 130 per cent, a figure excluding all off balance sheet finance and debts of its subsidiary, Elders Finance, which itself had borrowings of over A$2bn.

However, Mr Elliott, who rebutted the paper point by point, said Allied had taken the wrong equity base. He said that including preference shares and convertible notes, shareholders' funds stood at A$860m against debt of A$605m.

Allied said Elders' "frenetic pace" of acquisitions in recent years had obscured its true performance. It claimed that pretax profits of the empire, built up before Elders acquired Carlton and United Breweries (CUB) in December 1983, had declined in 1984-85.

Case in red but optimistic statement lifts share price

Case Group, the Watford-based manufacturer of data and communications products, yesterday reported a loss of £3.41m for the six months to September 30 1985, but saw its shares marked up largely on the strength of an optimistic statement from Mr Duncan Fitzwilliams, the chairman.

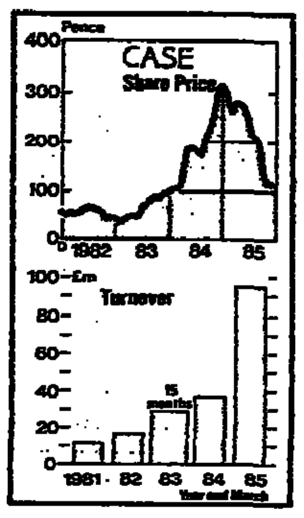
Analysts had been expecting a deficit following Mr Fitzwilliams' warning in September, and the market reaction—the shares rose 16p to 122p at one stage before slipping back to 109p—reflected his comment that the past two months trading had seen a marked rise in order bookings.

He also considered that most of the costs associated with the strategy of entering the US market for high margin networking products were behind it.

The interim losses compare with a £4.21m profit last time, and were caused by a £15.07m deduction for sales and marketing costs. These were the result of "very large investments, especially in recruitment and training, to build up nationwide sales and service coverage."

Mr Fitzwilliams added: "We had to incur these costs to get critical mass in the US, and we've done it. From now on they will go back to more normal ratios."

It is a sign of his confidence,



he said, that the dividend is being held at 0.45p on increased share capital, despite a loss per share of 3.44p (earnings 5p) after tax credits of £1.18m (charge £1.62m).

Total group turnover was higher at £49.57m compared with £40.39m.

Turning to group financing, he said that "we have concluded banking arrangements by which we shall have sufficient funds available for the group's medium-term requirements. Our space needs are also well catered for. The new Watford facility is complete and we have acquired an adjacent site to secure longer term growth requirements. In the US, our new leasehold 165,000 sq ft Columbia, Maryland plant is on schedule for occupation in April."

During September, as part of the planned move to Columbia, Case concluded the sale and temporary leaseback of the existing plant in Silver Spring, Maryland, and realised a pre-tax profit of over £2m. In addition, the company decided to write off the value of some modern inventories that became obsolete as a result of a necessary shift to network products.

The outcome for the financial year as a whole "will depend mainly on our success in sustaining the improved order booking levels in the US resulting from our nationwide sales and service coverage. We are confident that our UK business will continue to grow as new products open up fresh market areas. In the rest of the world, the investments already made in new distribution channels should bear fruit in expanding profitable business," he said.

See Lex

Mowlem modifies plans to float Buehler offshoot

John Mowlem, the construction, property and engineering group, has modified its plans to float Mowlem Technology, now renamed Buehler International, on the US over-the-counter stock market.

Mowlem is to offer up to 24 per cent of Buehler's shares in a move which will value the company at between $54m to $64m (£37m to £44m).

Last month Mowlem announced plans to sell up to 30 per cent of Buehler in a deal it said would value the company at between £40m-£50m. It has since reduced the range of its valuations to reflect a small decline in the market prices of companies with which Buehler will be compared.

The activities represented by Buehler made a pre-tax profit of £5.6m on turnover of £41m in the year ended December 1984. Net tangible assets at that date were £20.9m.

The Buehler businesses design, produce and market equipment instrumentation and consumable supplies used in the laboratory and the field of materials analysis.

In manufacturing and research its products are used to prepare metals, ceramics, composites and organic tissues for microstructural analysis while in construction. Its equipment determines the composition of soils.

Most of these interests are located in, and most of the profits arise from, the US while Buehler's management is based in Chicago. Mowlem wants Buehler to be able to use the US capital markets directly to raise funds for acquisitions.

Incentive from Miss World to invest in health

By William Dawkins

Investors are being asked to put up between £520,000 and £1.3m under the terms of the Business Expansion Scheme for a chain of health and beauty clubs to be managed by Miss World, the USM-quoted leisure group.

Miss World Clubs is offering for subscription between 4m and 10m shares at 13p each to set up three clubs in the UK. It has already paid £338,500 for its first club near Heathrow Airport.

This is the latest in a flood of asset-backed issues to offer investors the tax incentives available under the BES. These permit individuals to offset the cost of buying shares in unquoted companies against their top marginal rate of tax, as long as the shares are held for five years.

Miss World has a five-year management agreement with Miss World Clubs, whereby it will provide general advice and assistance in return for a £25,000 annual fee or 25 per cent of pre-tax profits (up to a maximum of £75,000), whichever is the greater. The chairman is Mr Eric Morley, who is also chairman of Miss World.

The group is projecting a pretax profit of £33,000 in its first year, rising to £454,000 in the fourth year of operation, assuming that it opens a new club at the start of each of the first three years.

The issue is jointly sponsored by the London issuing houses Industrial Finance and Investment Corporation (IFICO) and the Guidehouse Group. They have underwritten the minimum subscription target. Miss World and IFICO have each subscribed for 242,500 shares, and Miss World has agreed to buy an additional 2m shares at 10p after the BES shares have been allocated.

That will give Miss World a 17.9 per cent stake in the company, assuming the offer is fully subscribed.

Frost deals

Frost Group yesterday announced two acquisitions and one disposal involving its petroleum retailing division.

The company is paying £2m, split equally between cash and shares, for Alphalion Service Stations, a newly formed company owning or in the process of acquiring and developing 10 free-of-tie self-service petrol stations.

It is also buying, by way of an assignment of a head lease, the Mayo Service Station, Bradford, another free-of-tie self-service petrol station.

The disposal involves a phased surrender from December 1985 through 1986 of the interest in the 51 Look Service Station secondary leasehold sites.

Shiloh

Recent investment in new plant and the diversification of activities has benefited Shiloh in the half year to October 5 1985, when pre-tax profits more than doubled from £117,258 to £256,017.

Mr E. T. Gartside, the chairman of this Lancashire-based textile spinner and maker of disposable medical products and protective clothing, says the improved profit reflects the group's steady progress. Turnover, which improved from £6.69m to £7.07m, increased in all areas of the business, he adds.

The directors are confident that further progress will be made in the second half, which is normally better than the first due to fewer holidays and other seasonal factors. For the second half of 1984-85 the pre-tax result was £300,000 (£18,000).

The interim dividend is lifted from 0.75p to 1p absorbing £28,000. A total of 2p was paid in 1984-85.

BURTON GROUP'S recommended offer for Collier has been accepted in respect of the entire capital of Collier. In connection with the acquisition, 1.47m new Burton ordinary shares were placed in the market yesterday at 582½p per share.

TRANS-NATAL COAL CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 1985

(Unaudited group results)

	Notes	Quarter ended 30.09.85	Quarter ended 30.06.85	Comparative quarter previous year 30.09.84	Twelve months to 30.06.85 (Audited)
Tons sold ('000)		7,659	7,617	6,972	28,660
INCOME STATEMENT		R(000)	R(000)	R(000)	R(000)
Group income before accounting for the following items:	1 & 5	71,678	65,835	34,394	185,685
—Amortisation		3,456	2,933	2,454	11,253
—Financing costs		5,690	6,373	6,032	25,492
Group income before taxation		62,532	56,529	25,908	148,940
Taxation payable	2	7,960	12,431	7,792	38,230
Group income after taxation		54,572	44,098	18,116	110,710
Outside shareholders' interest	5	3,777	3,286	3,127	11,681
Attributable income		50,795	40,812	14,989	99,029
Net transfer to deferred taxation benefits	2 & 5	24,923	11,765	4,022	33,423
Distributable income		25,872	29,047	10,967	65,606
Capital expenditure		28,829	88,881	31,604	156,852
Earnings (cents per share)	3				
—Based on shares and compulsorily convertible debentures ('000):		70,437	70,437	62,848	68,524
—Attributable		72	58	24	145
—Distributable		37	41	17	96

BALANCE SHEET	30.09.85	30.06.85
	R(000)	R(000)
Capital employed:		
Ordinary share capital	122,158	122,158
Compulsorily convertible debentures	78,093	78,093
Unappropriated income	77,924	54,532
Deferred taxation benefits	153,769	128,846
Ordinary shareholders' and debentureholders' funds	431,944	383,629
Outside shareholders' interest	40,347	36,570
Long-term loans	201,932	201,932
	674,223	622,131
Employment of capital:		
Fixed and mining assets (net)	583,901	558,528
Non-mining assets	1,187	1,187
Investments	24,765	23,778
Net current assets	64,370	38,638
	674,223	622,131
Long term debt/equity ratio	0.47:1	0.53:1

Notes:

1. Tonnage sold during the quarter slightly exceeded that of the previous quarter and was 9.8% above the tonnage sold in the comparative quarter of the previous year. Although a slight improvement in US$ export prices was noted over the previous year, the main source of the increase in group income, apart from volume, has been the more favourable Rand/US$ exchange rate. A policy of selling forward a percentage of US$ export proceeds has been followed and remains ongoing.
2. Taxation payable and the net transfer to deferred taxation benefits for the current quarter are not comparable with the previous quarter. The 30 June 1985 quarterly figures included certain taxation adjustments in respect of the full financial year with regard to taxation on non-mining income being provided for at a rate of 57.5% during that financial year and adjusted at year end to 50%. In addition the utilisation of assessed losses taken into account during the current quarter resulted in taxation savings which are reflected in the increase in the net transfer of deferred taxation benefits.
3. Due to the fact that the debentures are compulsorily convertible into ordinary shares, they are regarded as permanent capital forming part of the Group's equity. Accordingly earnings per share, prior to the compulsory conversion of these debentures, are calculated on the aggregate number of ordinary shares and convertible debentures in issue from time to time, determined on the weighted average basis. It also follows that earnings are struck before charging interest on the convertible debentures. Such interest accrued for the quarter amounted to R2.48 million (June 1985 quarter R2.48 million: September 1984 quarter R0.46 million). Earnings are reported in respect of both attributable and distributable income.
4. Foregin loans totalled US$92.9 million at 30 September 1985 of which US$80.5 million is formally deemed covered at US$0.735=R1 and US$12.4 million is contractually covered.
5. Certain figures have been restated or regrouped for purposes of comparison.
6. An announcement was made on 30 August 1985 that the boards of directors of Trans-Natal Coal Corporation Limited and Alfred McAlpine and Son Limited had agreed on a proposal which, if implemented, would result in McAlpine becoming a wholly owned subsidiary of Trans-Natal. In that event it is intended to consolidate the results of McAlpine with those of Trans-Natal during the course of the next quarter. The document relating to the scheme of arrangement was posted to the shareholders of both companies on 25 October 1985.

On behalf of the board
S. P. ELLIS—Chairman
T. L. De BEERS—Director
Johannesburg, 8 November 1985

Gencor Group

UK COMPANY NEWS

R/Dutch Shell earnings tumble in third quarter

BY MAX WILKINSON

Royal Dutch and Shell Group of companies yesterday reported a net third quarter income of £439m, considerably less than the £978m earned in the same period last year.

The results, which were somewhat worse than many City analysts had been expecting, mainly reflected the effects of the fall in the dollar from the very high levels a year ago.

The company said that results were depressed by special charges of about £200m mainly reflecting the restructuring of the company, including the closure of its refining plant in Curacao, cuts in its tanker fleet, write-downs related to coal operations in North America and a special incentive payment thought to be about £100m to its employees.

Earnings were further depressed by £140m in foreign exechange losses, including losses on currency holdings mainly of dollars, compared with gains of £31m in the third quarter of 1984.

However, these exceptional losses were offset by an adjustment to windfall tax profits, which the analyst Mr Alan Thomas at brokers Kitcat and Aitken estimates will have improved earnings by about £50m in the third quarter. He estimates changes to Federal taxes produced a gain of a further £100m.

The group said that the underlying performance of the manufacturing, marine and marketing part of its oil and gas operations improved. Earnings on a current cost of supplies basis for oil and gas improved by 8 per cent from £751m to £814m.

However, earnings from chemical operations declined, in spite of higher sales volumes as result of lower margins in the US and Canada and special provisions in the UK.

Mr Peter Holmes, chairman of "Shell" Transport

In dollar terms Shell Oil's net income for the third quarter fell by 18 per cent ($365m). The company says that major factors contributing to this result included the lower selling price for crude oil and base chemicals, lower gains from property sales as well as the special incentive payment to employees.

However, the sales volume for gasoline and natural gas increased, although Shell Oil's contribution to the group's net income fell by 29 per cent (£94m) to £230m.

Net income for the whole group in the first nine months of the year was £2.17bn, a fall of 21 per cent compared with the level in the same period in 1984. Third quarter sales were £16.95m, a fall of 7.9 compared with the 1984 figure. Sales in the first nine months of the year were £55.16bn, a rise of 3.6 per cent.

Capital expenditure and the cost of exploration in the first three months of the year was £4.64bn, an increase of 23 per cent over the level in the same period in 1984. This rise mainly reflected a payment of $800m towards the $1bn acquisition cost of a 50 per cent interest in Occidental's oil interests in Colombia.

Long term and short term debt were reduced by about £1.1bn excluding operations in Japan.

The group says that its equity crude oil production rose by 2 per cent in the third quarter compared with the level in 1984 mainly through increased liftings in Oman and Norway. Natural gas sales were little changed at 4.48bn cu ft per day. A 10 per cent decline in European natural gas sales was offset by increases in Australia and elsewhere

Earnings from exploration and production for the third quarter (excluding those from Shell Oil and Shell Canada) fell by £105m mainly bec ause of the impact of the stronger sterling on earnings measured in dollars, as well as reduced natural gas sales and higher exploration costs.

Earnings from the manufacturing marine and marketing operations, excluding Shell Oil and Shell Canada, fell in the third quarter compared with the corresponding period of 1984. However, on a current cost basis, earnings were £199m compared with a loss of £3m in the third quarter of 1984.

The chemicals sector excluding Shell Oil and Shell Canada also showed reduced earnings at £34m in the third quarter compared with £56m a year ago. The group says this mainly reflected the provision for the restructuring of the Carrington complex in the UK. Apart from this expenditure it says the underlying trend of income was steady with the volume of sales of petrochemicals at a record level.

See Lex

British Syphon pays £3m for Marshall's stake

By Martin Dickson

British Syphon Industries, the industrial holding company, has acquired for £2.9m Grovewood Securities' 25.56 per cent stake in Marshall's Universal, a group with interests ranging from car park ticket machines to self-adhesive stickers.

Mr Bryan Morrall, chairman of British Syphon, said the company had not yet decided what to do with its stake.

"We became aware the stake was available and we took it. They are involved in a number of activities not a long way from ours, and in one of two where we would like to become involved. This does not mean we would proceed with a full bid and pay a silly price."

British Syphon is a manufacturer of drink measuring and dispensing equipment, plastic extrusions, industrial coolers, metal fabrications and paper. A year ago, it won a long-running £5.45m takeover bid for East Lancashire Paper Group.

Mr Morrell said he would want to have discussions with Mr Roger Doughty, chairman of Marshalls. "I cannot say how they will react, but I would be very happy to talk on a low key basis just to see where we are."

Marshalls fought off an unwelcome takeover bid from Grovebell Group last year.

Hawley Group may sell 43% Cope Allman stake

BY CHARLES BATCHELOR

HAWLEY GROUP, Mr Michael Ashcroft's services company, hinted yesterday that it may sell its 43 per cent holding in Cope Allman, the packaging, engineering and fruit machines group.

The increase in the value of Hawley's stake in Cope, a company outside Hawley's care business area, is threatening to give the holding undue prominence in Hawley's business structure.

If the Cope holding, presently worth £45m compared with Hawley's market worth of about £170m, is put up for sale it could form the basis for another company to launch a bid for Cope.

Hawley has been simplifying its group structure in recent months in an attempt to meet criticism of the diversity and complexity of its activities.

Mr Ashcroft, chairman of both companies, wrote to Cope shareholders yesterday saying that "as part of a major review of Hawley's objectives it has concluded that it is difficult to justify the retention of a minority interest of such size in a company which is outside its core business."

The boards of the two companies are working out a solution in the best interests of Cope's shareholders and employees, he added.

Hawley bought most of its holding in 1983 when the Cope share price was about 70p per share. It firmed a further 2p yesterday to 262p per share. Hawley fell 1p to 83p.

The Cope holding is now worth more than a quarter of Hawley's market capitalisation compared with only 10 per cent two years ago.

Cope's pre-tax profits have increased by more than 500 per cent over that period to £14.3m in the year ended June 1985.

"The association between the two companies has been beneficial for everyone concerned," Mr Ashcroft said.

The wording of Mr Ashcroft's letter apears to preclude Hawley bidding for the rest of Cope. With Cope's price-earnings ratio at about 12 and Hawley on seven such a move would lead to considerable dilution of Hawley's earnings.

Hawley's efforts to simplify its group structure have included an agreed bid launched in September for the outstanding 25 per cent of Insight Group, a tour operator.

Last month Hawley announced plans to sever links with Mr David Wickins's British Car Auction Group (BCA) by the purchase of BCA's 46 per cent holding in Midepsa International, formerly the two companies' joint investment vehicle.

London Shop director sacked

By Michael Cassell, Property Correspondent

SIR CYRIL BLACK, the former chairman of London Shop Property Trust, yesterday launched an outspoken attack on the present directors for their decision to seek the immediate removal of one of their colleagues from the board.

Sir Cyril, who retired as chairman in 1979, re-emerged at the property company's annual meeting at London's Savoy Hotel to warn the board and shareholders that they were in grave danger of perpetrating a "monstrous injustice" by seeking the instant dismissal of Mr Sidney Farr, one of the six-man board.

Despite his intervention, shareholders voted to sack Mr Farr, who joined the London Shop board in 1981 and who, two years later, signed a service agreement which was due to run until the end of 1988. The agreement was terminated earlier this year, however, because of board dissatisfaction with his performance. He was asked to resign.

Animosity

Mr Farr remained on the board but subsequently issued a writ claiming damages against the company for the wrongful termination of his agreement. A statement of claim has this week been lodged with the courts and the company intends to contest the action.

Mr J. Hugh Jones, London Shop's chairman, told shareholders that there was no personal animosity behind the decision to seek Mr Farr's removal from the board. His co-directors had, however, been unanimous in believing that their colleague had failed to perform his duties satisfactorily.

Mr Farr's co-directors claimed that he had worked "excessively short hours," had not achieved executive control over Knight & Co. and had failed to arrange for a valuation in advance of an issue of debenture stock.

A statement read out on behalf of Mr Farr, who had executive responsibility for Knight & Co (Services), the group's principal property subsidiary, said he "utterly rejected" charges that he had failed ot carry out his responsibilities. He claimed that his summary dismissal as a director would be "unwise and "unjustified."

Sir Cyril, who unsuccessfully attempted to postpone a vote on Mr Farr's dismissal until court proceedings had been concluded, said it would be wholly premature to anticipate what the courts decided.

Departure

He said Mr Farr had served the company well and that shareholders were not in a position to judge exactly what had taken place. 'If we do remove him from the board, we are accepting the board's view and making a judgment in a matter on which we are not competent to decide. What if the courts find in Mr Farr's favour, how should we look then?"

Sir Cyril said that the board was "not exactly overendowed with property expertise" and that Mr Farr's departure would leave control largely in the hands of people who had spent their lives in "banking, merchant banking and apple growing."

Mr Jones refuted suggestions that the company was light on property talent and added: "Mr Farr is suing the company and it is unthinkable that a colleague who has issued a writ against it should continue to sit on the board."

Jason Crisp looks at the UK's second largest share issue

Switching on to Cable

JUST A YEAR after the flotation of British Telecom the public is to be subjected to another round of telecommunications razzamatazz. Over the next five or six weeks television and press advertising will be used to whip up enthusiasm for Cable and Wireless, the international telecommunications carrier.

Although the company is almost unknown to the general public in the UK, it is to spend about £3m trying to generate some of the same excitement that was stimulated for the very familiar BT. Potential shareholders are likely to be reminded of its strong position in Hong Kong and its ambitions in the fast-growing economies of the Far East. They can also expect to hear of the great potential of Mercury in Britain which competes directly with BT.

In early December investors and existing shareholders will be offered shares amounting to about 31 per cent of the equity which will raise roughly £900m. It is the second largest equity issue in Britain after BT's £4bn privatisation last year.

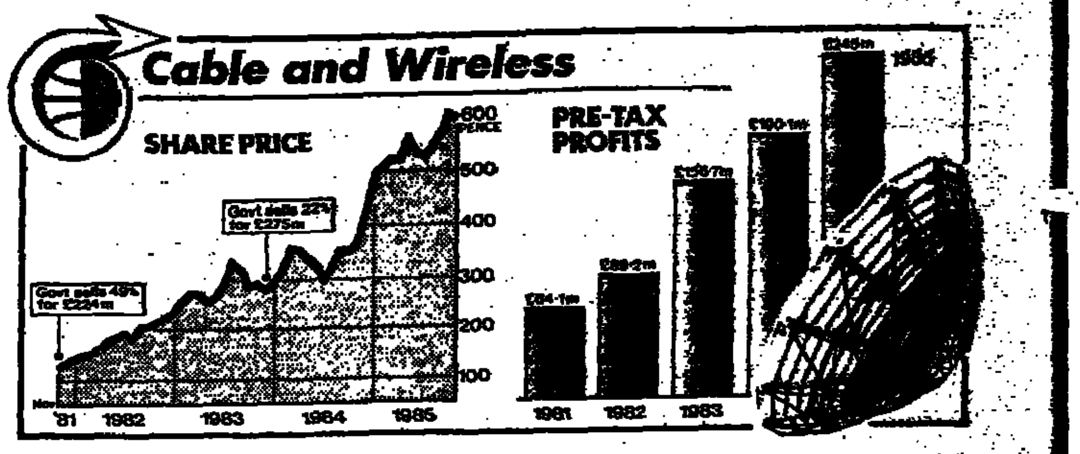
The largest part of the shares being sold is the Government's remaining 22.7 per cent stake in the company. In addition Cable and Wireless is taking this opportunity for a one-for-eight rights issue which should raise £300m even though its immediate need for the money is not particularly pressing.

However, over the next few years it will have substantial outlyas in Mercury ink in the UK, a transatlantic optical fibre telephone cable, other submarine cables in the Far East together with expansion in the US. The company has also clearly got an eye on Japan where the telecommunications business is being liberalised.

The Government can expect to raise more money from the sale of its final 22.7 per cent than from disposal of the other 77.3 per cent over the past four years. The Government sold an initial 49.4 per cent stake in Cable and Wireless in 1981 in one of its first acts of privatisation.

It raised £224m gross with the initial sale and £275m when it sold a further 22 per cent two years later through a tender offer which failed to attract investors leaving 30 per cent in the hands of the underwriters.

Cable and Wireless has been one of the most successful companies to have been privatised by the Government. When the shares were first sold it had pretax profits of £64.1m on sales of £294.9m. Earlier this year the company reported profits of £245.2m on a turnover of £861.5m and its shares closed yesterday 13p higher at 613p.



Cable and Wireless—a rather conservative company—has not ben particularly specific about its strategy other than to confirm that it is simply a telephone carrier. It has disposed of several small operations in other activities such as computer maintenance.

But it is generally understood that Cable and Wireless is trying to become the first global telephone carrier. The main legs of this network will be Hong Kong and the UK together with a trans-Atlantic telephone cable to be built at the end of this decade.

The company's greatest strength is in the Far East, particularly Hong Kong where it has a franchise to operate the international telephone business and has a majority holding in the Hong Kong Telephone Company which provides the local telephone service.

Its second most important operation is in Bahrain in the Middle East where it operates the internal and external communications through a company in which it holds a 40 per cent stake, after a restructuring at the time of the initial flotation.

The greatest new development for Cable and Wireless is Mercury in Britain. Mercury was set up four years ago with the Government's encouragement to provide a limited amount of competition for British Telecom. At that time it was a joint venture with BP and Barclays Merchant Bank. The intention was to provide a leased line point-to-point service within a limited part of England with no international connections.

For some time there was considerable scepticism about Mercury's ability to survive and Cable and Wireless bought the other partners' shareholdings. Since then there has been considerable legal, regulatory and business changes at Mercury.

As a result it is now planning to offer a full dialled service to the entire country together with (highly profitable) international connections. Mercury received its greatest boost last month when the Office of Telecommunications ruled on Mercury's interconnection with BT's own network.

That ruling was regarded as highly favourable to Mercury and as a result Cable and Wireless is increasing and bringing forward its investment plans for the new network. About £200m had been earmarked for Mercury's capital plans which included building a figure of eight optical fibre network in England, a limited local network in London, satellite earth stations for international calls and three large telephone exchanges.

Total expenditure is now expected to be about £300m which will include an early introduction of links to Scotland and Wales. Also under consideration is an extension of the London network and another loop running south from London to Brighton, Southampton and possibly Bournemouth.

One of the company's most ambitious projects is to build two trans-Atlantic telephone cables as part of a joint venture with Tel-Optic in the US. The cables—the first not to be owned by national telephone administrations—are expected to cost up to $600m.

At the moment it is a 50/50 venture. It is not yet clear whether other investors will join the two. There is also some uncertainty if Tel-Optic, backed by US investors led by E. F. Hutton, will raise the finance. Cable and Wireless would clearly like to increase its stake but may face political problems in the US. When Tel-Optic and Cable and Wireless applied to the Federal Communications Commission for permission to build the cable last year there were a number of objections.

Cable and Wireless denied suggestions that it planned to make any acquisitions in the US with the money it will raise from the rights issue. It says it will expand there but by extending existing activities, which include building fibre optic telephone links between cities.

In the Far East, its largest single source of revenue, the company has been expanding China, where it has several joint ventures. It is also now looking at Japan and it is significant that some of its shares are to be offered there.

The Government is foregoing its option to the rights issue and those shares are to be offered in Canada and Japan. That shareholding will represent about 2.5 per cent of the enlarged equity. Currently about 4 to 5 per cent of Cable and Wireless shares are held overseas—interestingly very few are held in Hong Kong.

See Lex

French Kier attacks both Abbey and Trafalgar Hse.

BY FRANK KANE

French Kier, the UK construction group which is bidding for Abbey, took the opportunity yesterday—the first closing date for its offer—to launch another attack on the Dublin-based builder, and to hit out at Trafalgar House, Kier's largest shareholder.

Aceptances of the cash and share offer totalled 38.7 per cent, but this included the 36.4 per cent stake already pledged by Mr Patrick Gallagher's side of the family which controls Abbey. His brother, Mr Charles Gallagher, the chairman, has rejected the terms and pledged his 29.9 per cent holding against acceptance.

Morgan Grenfell, which along with Ulster Investment Bank, is advising French Kier, said last night that the outcome was "better than expected, given the way the Abbey share price has moved." It also suggested that Dublin brokers were standing in the market to keep the price artificially high.

This was rejected by Allied Irish Investment Bank, advising Abbey, which in turn suggested that most of the increase in acceptances came from parties already associated with the Patrick Gallagher faction. New acceptors, it claimed, totalled only 0.055 per cent.

The release of the figures was followed by a strongly worded letter from Kier to Abbey shareholders. This questioned the credibility of the profit forecast made in the Abbey defence document and asked whether Abbey could afford to pay the resumed dividend which it has promised after a two-year absence. It also said that if the bid failed the 36 per cent family holding already pledged would "overhang the market."

In a separate statement, Kier went on the offensive against Trafalgar House, the shipping and construction group which cast doubt on the future of the bid by voting its 25.3 per cent holding against at last week's extraordinary meeting.

Mr John Mott, Kier's chairman, appealed to shareholders to give their approval to the offer terms at the poll called for later this month. He said that Trafalgar House "must have foreseen" that its attempt to place its Kier stake early last week would fail, and concluded that the "wishes of Trafalgar House are very different from the overwhelming majority of shareholders who voted at the meeting."

Kier's letter to Abbey shareholders warned "you should carefully reflect on the validity" of the Abbey defence document. It believed that the forecast of I£6m forecast was "optimistic, given that there were six months trading remaining." It also compared statements made by the Abbey chairman in the 1983-84 annual report with what it claims were the actual outcome.

Most analysts still believe that the terms will have to be increased if the bid is to succeed. French Kier shares rose 4p last to 219p, while Abbey were unchanged at 102p, still beyond Kier's offer.

WOODCHESTER INVESTMENTS, Dublin-based equipment leasing and finance company, has announced a record I£710,451 (I£331,719) in pre-tax profits for the six months to September 30 1985. An interim 1.5p (1.25p adjusted) dividend is being paid and a second interim of 2.5p (2p adjusted) is proposed in lieu of a final for the year to end-December. Stated earnings are ahead from 4.7p to 9.6p, or fully diluted from 4.6p to 6.2p.

ConsGold to sell part of Bath and Portland group

Consolidated Gold Fields announces that it is to sell the instrumentation division of the Bath and Portland group which was acquired in a £61.5m offer in January this year.

The buyer is a newly formed company and its shareholders include a consortium of institutional investors and senior management of the division.

The consideration payable (subject to adjustment between now and completion before the end of the year) is £10.3m cash with the new company assuming debts of some £700,000. The remaining Bath and Portland activities have been integrated with the construction interests of ConsGold's Amey Roadstone.

Mr Rudolph Agnew, chairman of ConsGold, told shareholders at the annual meeting that "before the end of the decade over a third of your company's beneficial interest in gold production will be outside the Republic of South Africa." At present its gold interests are largely in South Africa and these provided over 35 per cent of last year's pre-tax profits.

He pointed to this week's announcement of the new Chimney gold discovery in Nevada, an open-pit mining prospect reckoned at present to contain close to 2m ounces of gold

Given the necessary state and federal authorisations Chimney could be in production in 1988. Its gold grade is much higher than that at the group's Mesquite mine in southern California and thus will have "much lower" gold production costs than those at Mesquite which have been put at around $200 per oz.

Sizeable new ore reserves have been discovered in the Mesquite area and the mine is expected to reach production by end-February at an annual rate of over four tonnes of gold.

At the ConsGold meeting Mr Agnew was questioned about the group's interests in Namibia and South Africa. According to the Namibia Support Committee and other anti-apartheid groups, Mr Donald Anderson, MP, the Labour Party spokesman on Africa, is tabling parliamentary questions on Wednesday regarding Gold Fields' UK Government contracts.

DIVIDENDS ANNOUNCED

Amber Industril ......int	2.8	—	2	—	6
British Borneo Petrol int	6	Dec 20	5	—	17.5
British Invest Tst ...int	6.6	Jan 6	6.2	—	14.2
Buckley's Brewery ...int	0.8	Jan 6	0.8	—	2.7
Case Group ....int	0.45	Jan 3	0.45	—	1.35
Caledonia Invs ......int	2	Jan 8	1.7	—	4
Cater Allen ....int	8	Jan 3	8	—	28.88
Continental§ ...2nd int	7	—	6	—	20
Drayton Cons Tst	7.5	—	6.9	10	8.9
Dualvest ....int	5.97	—	4.73	—	9.98
Feb Intl ....int	0.89	Dec 20	0.89	2.9	—
Fleming Far East ...int	0.2	Dec 12	0.17	—	—
Fundinvest	4.13	—	3.04	6.39	5.11
Grampian TV ....int	0.43	Jan 10	0.43*	—	1.67*
Hambros Inv Trust ...int	1.2	Jan 3	1.1	—	4.2
King & Shaxson ......int	2.5	Dec 16	2.5	—	8.25
McInerney Props ...int	1¶	—	1	—	5
Renold ....int	0.7	Jan 31	—	—	—
Iyzack Turner	3	—	3	4	3
Warnford Invest ......int	7	April 8	6.5	—	14.5
Woodchester Inv ... int	1.5¶	—	1.25	—	3.25
Woodchester Inv 2nd int	2.5¶	—	2	4	3.25
Yorklyde ....int	2.75‡	—	2.25	—	6

Dividends shown pence per share except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Irish currency throughout. ‖ To reduce disparity.

UK COMPANY NEWS

Normans Group profits hit by lower tea earnings

REDUCED earnings at the tea estate in Malawi affected severely the interim results of Normans Group, discount food retailer. The group also makes and sells drinks and giftware and grows and manufactures tea and coffee in Malawi.

In spite of a bigger tea crop, turnover for the division was down slightly more than 53 per cent to £375,000 against £804,000 in the comparable period last year. This reflects the fall in world tea prices and in the value of the Malawi currency against sterling.

For the half-year to September 28 1985, group profits before tax fell by 29 per cent to £753,000 from £1.06m. However, a favourable tax position in Malawi reduces the fall after tax to 23 per cent at £517,000, against £671,000.

Earnings per share fell to 1.60p (2.13p). The directors propose to declare an unchanged dividend of 0.9p per share during January 1986, payable on March 1.

Turnover in the group's main division, discount food retailing, rose nearly 20 per cent to £42.06m (£35.11m) in the six months, but profits were almost unchanged at £886,000 (£880,000).

Established stores accounted for about a third of sales growth. However, although above inflation, their growth was lower than last year.

Stores opened in the last 12 months accounted for the balance of growth although losses were incurred at the two most recent openings, Hove and Eastbourne, where the group had not previously had a presence.

The group is withdrawing from the manufacture of soft drinks after carrying out an extensive review. The Stoke-on-Trent operation was closed recently and contracts have been exchanged for the sale of Osbornes of Burton-on-Trent to a company controlled by Mr P. King, former managing director of the drinks division.

The consideration is £155,000, fully payable in cash within one month. In addition, rental of the freehold premises is £40,000 annually. The group will retain associated plant.

Normans puts the cost of withdrawing from soft drinks manufacture at about £300,000 after tax relief. This will be taken as an extraordinary item in the accounts for the year ending March 29 1986.

The group expects tea earnings in the second half to remain weak as there is no indication that tea prices will improve in the short term. Therefore they would have a similar effect on the full year results as those now reported.

It is however encouraged by sales from its store opened in Poole, Dorset, last month.

• comment

Normans' tea profits had to be heading for a fall this year and a drop of over £700,000 to £200,000 would be no surprise. But what did look disappointing yesterday was the virtually unchanged profit from food retailing despite a 19.8 per cent sales rise. The market was not prepared for that sluggish showing and earlier estimates for the full year, which had been as high as £2.5m pre-tax, were rapidly trimmed back to around £1.8m. The shares, however, actually managed to inch ahead to 75½p—there were two reasons for its stability. The lack of profits growth can be firmly placed at the doors of two new stores with heavy front end costs—they are outside Normans' traditional area — which lost the group £160,000 of profit. Another store has just opened and it will do well if it washes its face in the second half. Management is ignoring immediate profits to build the group and the market rightly acknowledges that with an above average rating. But that is not the only reason for a prospective p/e of nearly 20. The lack of immediate growth and the whole atmosphere of the market has spawned a host of bid rumours in recent weeks. The company does not see an obvious predator—if there is one, it must have money to burn.

McInerney Properties midway fall

Bad weather both in Ireland and the UK disrupted progress for McInerney Properties during the first six months of 1985, and pre-tax profits of this Dublin-based builder, contractor and property developer, fell from I£1.02m to I£668,000.

Despite this, the directors are holding the interim dividend at 1p. A 5p total was paid in 1984 on profits of £3.03m.

Contracting work in Ireland has continued to decline, they say, and competition has intensified. Looking ahead, they do not expect to obtain contracting work load levels comparable to recent years.

Turnover for the period amounted to £29.13m (£33.68m). Tax took £84,000 (£51,000).

The directors report that in the Middle East activity levels have declined significantly in Saudi Arabia and Bahrain reflecting the states' falling oil revenues.

In the UK the private housing market is steady and work on commercial development projects is [illegible]

Excellent progress has been made in Portugal.

Grampian TV falls to £0.3m but ahead of forecasts

A FALL from £506,131 to £281,745 in pre-tax profits is reported by Grampian Television for the six months to August 31 1985. As predicted by Mr Iain Tennant, the chairman, in his last annual report, profits fell far short of those achieved for the first six months of last year but were, nevertheless, ahead of budget forecasts.

No Exchequer Levy was necessary this time against £9,000 in 1984.

Turnover of this television programme contractor for North Scotland rose by 5.7 per cent from £7.09m to £7.5m.

Some savings were effected by deferring new developments, but Mr Tennant says the main investment went ahead with the purchase of a new outside broadcast unit which should be on the road early in 1986.

It is continuing successfully with a broad range of programmes being produced to meet regional needs. Though the six months under review saw a decline in growth of advertising revenue, the general picture at Grampian [illegible] progress on all fronts.

Mr Tennant says a good start has been made to the second half and prospects for the year-end results look promising.

All could change, however, if the Peacock Committee recommends, and the Government accepts advertising on the BBC.

A maintained interim dividend of 0.43p net on the recently enlarged share capital, resulting from the two-for-one scrip, is proposed. Last year a final of 1.28p (adjusted) was paid on pre-tax profits up from £1.18m to £1.23m.

First half tax was substantially lower at £121,000 compared with £273,000, and this left attributable profits down from £233,131 to £140,745.

Whitbread Inv.

Net asset value per share of Whitbread Investment Company, part of the Whitbread group, rose to 243.8p in the six months to September 30, compared with 188.6p in the comparable period of last year. Earnings per share rose to 4.18p from 3.73p.

The company is to pay an interim dividend of 2.37p net up from 2.17p.

CONTRACTS

£15m missile repairs

DOWTY ELECTRONICS has won a £15m contract to repair the guidance and control sections of Britain's Sidewinder air-to-air missiles.

★

CRITTALL WINDOWS, part of the Norcros construction division, has gained seven orders totalling £2.1m. A £258,000 order has been received for steel windows at the new Swaleside prison under construction at Eastchurch, Kent. This follows an earlier order, worth £311,000, for the new Gaineshall prison in Cambridgeshire. Another order, worth £533,000, has come from the London Borough of Hackney for steel windows and secondary glazing for the refurbishment of one of East London's inner-city council developments, the Woodberry Down Estate. Crittall is to manufacture aluminium windows worth £372,000 for a major project in Barrow-in-Furness. Other orders include aluminium windows for Princess House, Swansea (£263,000) and steel windows for flats in Chester (£197,000).

★

BALFOUR KILPATRICK will undertake the design and installation of an information and data system for the Tyne and Wear Metro under a contract worth £3m awarded by the Tyne and Wear Passenger Transport Executive. Electronic systems will collect data from over 450 items of microprocessor-based equipment at 70 train and bus stations throughout the Metro. The data will be processed by a central computer using specially designed software packages. The data collected will be relayed to monitor screens at the stations to display detailed information to assist passengers with their journeys. Information will also be fed to a series of work stations which the staff of the Metro will use to enhance the efficient running of the network. The contract includes provision of a closed-circuit TV system for security, and installation of 120 km of trackside cables for data transmission. Balfour Kilpatrick is a member of the BICC Group.

★

As a result of the success of the development phase of the Tornado video recorder programme, VINTEN AVIONIC SYSTEMS has been awarded the follow-on production contract worth £2m for the delivery of recorders commencing in 1987.

★

ALLAN H. WILLIAMS has received an order worth £212,000 for thermally broken aluminium curtain walling and windows for the first phase of the refurbishment of Ely's department store in Wimbledon. The first and second floors of the five-storey department store will be glazed with 11.55mm clear laminated glass.

★

NEI NUCLEAR SYSTEMS, Gateshead, has won a £3m contract for tubular air heaters associated with coal pulverisation plant on two coal-fired boilers at Longannet power station in Scotland. The contract was placed by the South of Scotland Electricity Board and will provide work for the Gateshead factory until mid-1086. The company is part of Northern Engineering Industries.

★

PRESS CONSTRUCTION has won a £2m contract from Eastern Gas for a two-year programme of pipelaying and repair. The work will be carried out in Norfolk, where the utilities division will instal, repair and maintain distribution mains and services. Twenty mobile crews will be engaged on the contract, which will be managed from the division's depot at Norwich. Press Construction is part of the AMEC group.

★

HONEYWELL has been awarded a £600,000 contract to supply the London Borough of Hackney with a computer system to help plan and control the repair of council property. The package includes a DPS 6/95 super mini, terminals, printers and DLO (Direct Labour Organisation) software. An extensive network linking all user sites on-line to the Honeywell system will be provided, mainly by DCX series equipment from Case. This network is also planned to allow access to the borough's existing system running on the LOLA consortium IBM mainframe at Enfield as well as the existing ICL ME29s in Hackney.

★

GEC MECHANICAL HANDLING has won a £1.7m order from the British Airports Authority for seven telescopic passenger loading bridges for the new North Terminal at Gatwick Airport. GEC says the deal is a major success for the company. With the help of the Department of Trade and Industry's Support for Innovation scheme, GEC has produced "the only all-British passenger loading bridge for airports."

A prototype bridge was delivered to the BAA's Terminal Four at Heathrow several months ago for evaluation. The order for Gatwick now announced has been won on a fully commercial basis against keen foreign competition.

★

A lifeline for divers in difficulty has been commissioned by Shell and Esso from a British company. The dramatic advance in the equipment needed in an emergency to save divers whose normal breathing gas supply is cut off gives the UK a lead in world-wide diving technology.

A two-year contract worth £218,000 has been placed with DIVEMATICS, of North Broomhill, Northumberland, which will develop a bail-out pack, able to operate at any stage to a depth of 450 metres.

When developed, it will be of immediate benefit in the UK sector of the North Sea, where the greatest depth in which production is taking place is 180 metres.

At present, conventional packs give, about 46 seconds of gas, enough for about 12 breaths. The Divematics will provide for at least 15 minutes, says the company.

UK COMPANY NEWS

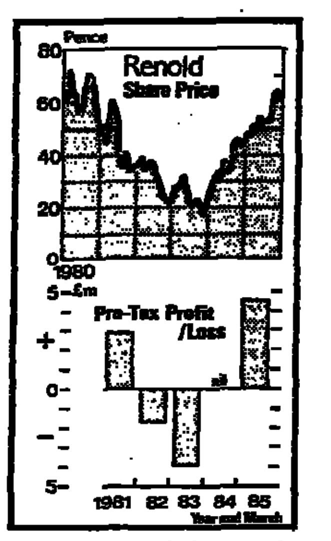
Renold £1.1m ahead and further progress expected

A SIGNIFICANT improvement in pre-tax profits is reported by Renold, the Manchester-based manufacturer of power transmission products and machinery. In the six months to September 29 1985, pre-tax profits climbed £1.1m to £2.5m.

The directors say the improvement in results is a further indication of the continuing progress of the group. Prospects for increased profitability in the second half, and therefore for the year as a whole, are good, they state.

An interim dividend of 0.7p net per 25p stock unit is being paid — the last payment was 2p to a £1 unit in August, 1982. Earnings per share improved from an adjusted 1.5p to 2.3p.

Group turnover advanced from £58.2m to £60.3m, and trading profit was up from £3.7m to £4.3m, of which UK companies contributed £2.3m (£2m). Depreciation of £1.6m (£1.7m) was charged before arriving at trading profit. Tax increased from £600,000 to £900,000, and after minorities of £100,000 (same), attributable profits came out at £1.5m against £700,000.



● comment

Renold has made progress but not yet quite enough to convince the market that the shadow of the 1983 rationalisation programme has completely passed over. The shares dropped back 1.5p to 61.5p in spite of the resumption of dividend payments after a three-year break. Trading margins have improved by just short of a full point on a half-to-half comparison but the second half traditionally contains the best news. Gearing is said to be falling from the 65 per cent of shareholders' funds level at the start of the year. The main battle is still to get stock levels down; staffing cuts, almost half of the once 9,000 workforce, are in the main completed. With the shift away from roller chain still continuing—although what is left is now profitable — the emphasis is on pharmaceutical equipment, some of which is fairly high technology. For the year the City is looking for £7.2m which has the shares on an undemanding prospective p/e of 8½ and with some yield backing now coming into play the recent erratic price movements could be halted as the stock moves closer into line with the rest of the engineers.

Feb Intl. falls into the red half-way

LOSSES OF £71,000 have been suffered by Feb International in the first half of 1985, compared with pre-tax profits of £457,000.

Mr Gordon Fisher, the chairman of this Manchester-based manufacturer of chemicals and retail distributor of building materials, explains that the results follow the trend begun towards the end of 1984. Second half profits then fell from £675,000 to £283,000.

However, he is able to advise shareholders that action taken by the board strengthens the basis for profitable growth, the benefits of which are being felt in the current quarter. Accordingly, the directors are maintaining the interim dividend at 0.89p (0.8855p). A final of 2.0135p was paid in 1984.

The chairman says that while the group has suffered from the decline in building construction activity the main impact on trading profits has arisen from further costs in developing distribution arrangements in certain overseas markets, and also from a decline in margins in the UK trading division.

Group turnover for the half year fell from £13.92m to £13.54m, yielding a trading profit halved at £447,000 (£896,000).

Depreciation and amounts written off fixed assets amounted to a same again £249,000, and there was interest and other similar charges of £168,000 against £94,000. The pension fund contribution accounted for an increased £101,000 (£96,000).

There was no tax this time (£213,000), which left net losses per 10p share of 1.03p, compared with earnings of 3.56p.

The accounts also show unrealised exchange losses of £103,000, against unrealised gains of £63,000, arising from the provision of goods and services denominated in US dollars and related currencies.

The half year results include a £12,000 pre-tax loss (£63,000 profit) from the group's wholly-owned subsidiary, Andrew M. Goldie, a wholesaler and retailer distributor of building and plumbing materials. This company was sold to Bisbrook in September.

There was also a £165,000 (£10,000) gain made on the disposal of group property.

Offer for sale values SPP at £19.6m

SPP, a leading UK supplier of pump systems for fire fighting and control is coming straight to the main market via an offer for sale of 6.5m shares at 125p each. The offer values the company at £19.6m.

Of the 6.5m shares on sale, 3.68m are new shares. The £4m raised net of expenses on these will be split equally between redeeming outstanding preference shares and funding expansion. The remaining shares are being sold by existing shareholders, including directors and institutions.

SPP is being brought to the market by Samuel Montagu and the broker to the issue is Cazenove.

The company is forecasting profits for 1985 of not less than £2.6m, a 30 per cent increase over 1984. In the six months to June pre-tax profits were £1.2m on turnover of £14.4m.

On the forecast and tax charge of 39 per cent the shares are being offered on a prospective multiple of 11.4. On the expected dividend of 4.75p for the year, the indicated yield is 5.4 per cent.

Before 1983, SPP was a subsidiary of Booker McConnell. In that year there was a management buyout led by Mr Bob Moore, the present managing director, backed by Equity Capital for Industry, Lloyd's Development Capital and Friend's Provident Life Office. The preference shares are a legacy of the financing of this buyout.

SPP has three main areas of activity. Fire control which accounted for 34 per cent of total turnover of £30.5m in 1984, environmental control with 47 per cent and industrial operations 19 per cent.

In each area it seeks niche markets within which it aims for leadership, within the UK and internationally.

Last year the UK accounted for 49 per cent of turnover, the Middle East and Africa had 29 per cent, Europe 14 per cent, Asia and Australasia 6 per cent and the Americas just over 2 per cent.

Mr Moore accepts that the company's main growth prospects in the fire fighting business are overseas.

In the Middle East the company is benefiting from the post-boom era. "Things are starting to burn down now and they want fire protection systems," he said. SPP also gains more from infrastructure development than from big capital projects, he added.

The low contribution from the US is something the company wants to change — through acquisition. However, any expansion into new areas has to bear in mind the need not to enter into direct competition with existing customers, said Mr Moore.

● comment

SPP is a niche business which will be attractive to investors looking for steady growth rather than dramatic gains and the decision to go to the main board rather than the USM possibly reflects this. On a prospective multiple of 11.4 the offer suggests a rating comparable with that of the engineering sector. There should be little doubt that the pull of Cazenove and Samuel Montague will be enough to get this one away, perhaps they already have, but there is little generosity in the pricing. Prospects look modest given the strong position in the UK market and the costs involved in going into the US. One for the long haul rather than a blaze of glory.

BANK RETURN

BANKING DEPARTMENT	Wednesday November 6 1985	Increase (+) or decrease (−) for week
	£	£
LIABILITIES		
Capital	14,553,000	—
Public Deposits	2,185,261,650	− 1,495,861,448
Bankers Deposits	833,787,138	+ 77,888,547
Reserve and other Accounts	1,510,071,721	+ 85,845,759
	4,543,673,509	− 1,334,129,148
ASSETS		
Government Securities	580,708,771	+ 61,070,000
Advance & other Accounts	560,962,449	− 13,653,479
Premises Equipment & other Secs.	3,393,339,556	− 1,378,510,651
Notes	8,224,980	− 1,018,500
Coin	450,753	− 16,019
	4,545,673,509	− 1,334,129,149

ISSUE DEPARTMENT		
	£	£
LIABILITIES		
Notes in circulation	12,011,775,020	+ 11,019,500
Notes in Banking Department	8,224,980	− 1,018,500
	12,020,000,000	+ 10,000,000
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	2,018,745,971	− 505,473,504
Other Securities	9,990,238,929	+ 515,473,504
	12,020,000,000	+ 10,000,000

Chas. Baynes pays £0.3m for Stoneguard

Charles Baynes, the property services, textile rentals and engineering group, has brought Stoneguard, which is engaged in stone cleaning and restoration.

The purchase, satisfied by £300,000 in cash, represents "a significant expansion of our property services division" and "gives us full national coverage of the stone cleaning and restoration market," says Mr Peter Dellar, chairman of Charles Baynes.

Stoneguard, based in Ruislip, achieved taxable profits of £84,855 in the 1984 year and its net assets on November 4, 1985, totalled £297,089.

The company was established in 1959 and carries out most of its work in the City of London and is currently engaged on several contracts.

HIGHAMS, textile manufacturer, has reduced its holding in the Manchester Ship Canal Company by 100,000 ordinary shares to 643,000 (16.07 per cent).

COSALT: Intermaritime Chandlers purchased 100,000 shares bringing its holding to 1,910,000 ordinary (approximately 18.84 per cent). The shares are beneficially held by Intermaritime and the registered holder of all the shares to which this notification relates is Eardley Investments NV.

Dr Marwan boosts his Extel stake to over 8%

DR ASHRAF MARWAN, the Egyptian financier, has increased his stake in Extel, the specialist newsagency and advertising group, from 7.1 to 8.17 per cent.

Dr Marwan, son-in-law of the late President Nasser, first disclosed an interest in Extel in June when he emerged with a 5.05 per cent holding.

In a separate development, Extel paid £2.47m in shares and cash for Bridgemark (Holdings), owner of Cripplegate Printing Company and Concise Print.

Included in this deal is Sevenoak Print Finishers, a company with close trading links with the Bridgemark companies.

The companies purchased made net profits of £25,000 in the year ended June 1985. Their net assets were equal to the purchase price.

Extel said these acquisitions would allow its Burrups Printing Group subsidiary to compete more effectively for long-run corporate finance work and other high-volume colour printing.

Extel will finance the deal by the issue of 235,048 shares and pay the remaining £1.64m in cash.

● Southern Newspapers has bought 230,000 shares in Usher Walker, maker of printing inks and rollers, taking its stake to 320,000 shares or 15.04 per cent of its equity.

Daily Telegraph has sold 253,500 Usher Walker shares to reduce its holding to 125,000 shares or 5.87 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Aquascutum, Asset Special Situation Trust, Ferguson Industrial, Futura, Hill Samuel, Ovenstone Investments, PCT.

Finals:—Aranson, Castle (GB) Five Oaks Investments, London Entertainments, London and Provincial Shop Centres, Micro Focus, New Cavendish Estates, North Atlantic Securities, Tiger Oats.

FUTURE DATES

Interims:—

Amalgamated Financial Invest.	Nov 15
Ecobric	Nov 13
Elliott (B.)	Nov 21
GT Japan Investment Trust	Jan 27
Gartmore American Securities	Nov 26
Latham (James)	Dec 10
Meyer International	Dec 10
Monks Investment Trust	Nov 26
Moss (Robert)	Nov 14
Philips Lamps	Dec 12
Plantation Trust	Nov 13

Finals:—

Bootham Engineers	Dec 18
Imp. Cold Storage and Supply	Nov 12
Majedie Investments	Nov 12
Microfilm Reprographic	Nov 12
Stockholders Investment Tst.	Nov 20

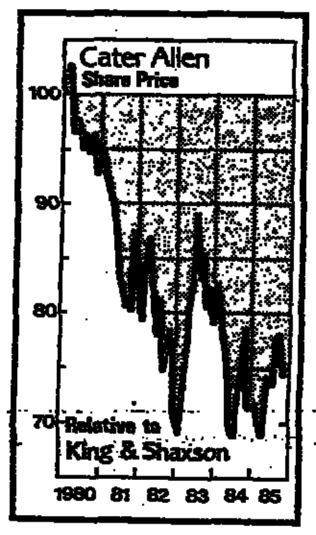
Two discount houses hold interim dividend payments

UNCHANGED interim dividends were declared yesterday by two of London's discount houses, Cater Allen Holings and King & Shaxson.

Cater Allen, which is holding its payment at 8p, says that profits over the six months to end-October, 1985, were lower than the comparable period.

The directors say that in the 1984 period base rates moved through five percentage points as against only one during this half year. Despite this lack of volatility, the company says that a good return on capital employed has been achieved.

Gilt edged trading has again contributed well to group profits and the Jersey bank has seen "further substantial growth in its high interest cheque account business."



King & Shaxson, which is paying an unchanged 2.5p interim dividend, says that its profits over the same financial period have been satisfactory. Discount houses are not obliged to reveal interim figures.

In the 1984-85 year Cater Allen reported lower profits of £3.71m, against £3.92m, after providing for rebate and tax and a transfer for contingencies. King & Shaxson's profits fell from £1.1m to £790,000. Both companies paid unchanged final dividends.

Lower beer sales hit Buckley's in opening half

IN COMMON with much of the brewing industry, Buckley's Brewery, which is based at Llanelli, South Wales, suffered a volume decline in sales of beer in the 26 weeks to September 28 1985.

Turnover decreased by 4.5 per cent from £6.31m to £6.02m, with the beer contribution falling from £4.79m to £4.4m. Cider sales were £213,000 against £224,000 Llan minerals were lower at £157,000 (£181,000), but wines and spirits improved from £689,000 to £821,000. Other minerals were up from £114,000 to £130,000.

Included in turnover were rents of £306,000 against £313,000.

Operating profits were £9,000 higher at £599,000. The lower pre-tax figure — down from £504,000 to £481,000—was after dividends of £36,000 (same) from a related company and interest charges up from £626,000 to £635,000.

Mr G. W. G. Philipps, the chairman, said in his annual statement that he would be surprised if the group's profits for the first half of 1985-86 would match those for the first half of 1984-85 which, despite a downturn commencing in July 1984, were a major improvement of those of 1983-84.

He now says that, in the event, his prediction only just came about, despite a cold Spring giving way to an appalling Summer, and despite the fact that available spending money in the mining areas was still far short of the pre-strike level.

Trading still remains difficult, he says, and unemployment in South and West Wales is still at a punitive level. Nevertheless, helped by the move to managed houses, and by its machine company acquisition, he anticipates an improvement in profits in the second half.

The interim dividend is unchanged at 0.8p net—last year's total was 2.7p from pre-tax profits of 934,947 (£845,708).

Stated earnings per 25p share were lower at 2.72p (2.95p).

BIDS AND DEALS IN BRIEF

RANK MARINE International, part of the Rank Organisation, has acquired Troon Marina in Ayrshire. The company says this addition makes it the second largest UK marina business.

LONDON SHOP Property Trust has purchased from Haslemere Estates for £1.8m, three Central London office properties in: King Street, Covent Garden, Fisher Street, Holborn, and Hatton Garden. These properties are all self-contained, refurbished buildings and each is let to a single tenant. Current income totals £128,000 with one rent review in 1986 and two in 1987.

BRITISH BENZOL; On October 29 Manchester and London Investment Trust acquired 720,000 ordinary shares which taken with shares acquired before that date took holding to 1.6m ordinary shares (7.1 per cent).

TECHNICARE Intenational, a subsidiary of Turriff Corporation, has reached agreement to purchase 60 per cent of Maris Offshore, sub-sea consultant and specialist contractor. The purchase consideration is mainly in respect of goodwill and amounts to £100,000 initially with further payments during the next three years pro-rata to any increase over the present level of profitability, estimated at £75,000 pre-tax for 1984-85.

B.A.T. INDUSTRIES has made applications for its 25p ordinary shares to be admitted for trading and official quotation on the Paris, Brussels and Antwerp Stock Exchanges. The listing in Paris is scheduled to be granted on November 25 and in Brussels and Antwerp on November 26. Last year BAT gained listings on a number of other continental bourses, including Frankfurt and the three Swiss centres.

INOCO: the offer for sale of 9.23m shares in the oil and gas exploration company operating in Columbia, attracted applications for a little over 10m shares. Broker to the issue was Statham Duff Stoop.

ALFRED WALKER, commercial property developer, says talks are taking place on the possible acquisition of a private commercial property development company owened by Mr R. A. Scott, a director of Alfred Walker. If the discussions are successful, shareholders will be asked to approve the proposed transaction which would involve the issue of ordinary shares in Alfred Walker to Mr Scott.

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	123	Ass. Brit. Ind. Ord.	131	—	6.6	5.0	7.3	8.7
151	136	Ass. Brit. Ind. CULS	137	—	10.0	7.3	—	—
77	43	Airsprung Group	59	—	6.4	10.8	9.8	12.8
46	26	Armitage and Rhodes	45	—	4.3	9.6	5.6	6.7
165	108	Bardon Hill	165	—	4.0	2.4	20.9	21.7
64	42	Bray Technologies	54	—	3.9	7.2	6.6	7.6
201	150	CCL Ordinary	150	—	12.0	8.0	3.7	3.5
152	103	CCL 11pc Conv. Pf.	103	—	15.7	15.2	—	—
130	10	Carborundum Ord.	126xd	—	4.9	3.9	6.2	9.7
93	83	Carborundum 7.5pc Pf.	93	—	10.7	11.5	—	—
73	46	Deborah Services	56	+1	7.0	12.5	5.8	7.7
32	21	Frederick Parker	21	—	—	—	—	—
83	33	George Blair	77	—	—	—	3.1	5.7
50	20	Ind. Precision Castings	45xd	—	3.0	6.6	11.9	9.8
218	177	Isis Group	185	—	15.0	8.1	14.2	21.3
124	101	Jackson Group	106xd	—	5.5	5.2	7.1	7.1
285	213	James Burrough	268	—	16.0	5.6	8.5	8.5
95	83	James Burrough 9pcPf.	95	—	12.9	13.6	—	—
95	71	John Howard and Co.	75xd	−1	5.0	6.6	6.0	9.4
225	100	Linguaphone Ord.	180s	—	—	—	6.8	6.9
100	90	Linguaphone 10.5pc Pf.	90s	—	15.0	16.7	—	—
650	300	Minihouse Holding NV	570	—	6.9	1.2	24.9	23.7
120	31	Robert Jenkins	76	—	—	—	9.9	21.7
60	28	Scruttons "A"	31	—	—	—	—	7.9
92	61	Torday and Carlisle	68	—	5.0	7.4	3.4	6.2
444	320	Trevian Holdings	326	—	4.3	1.3	18.6	18.2
36	17	Unilock Holdings	36	—	2.1	5.8	9.8	9.6
117	81	Walter Alexander	117	—	8.6	7.4	6.9	8.1
247	195	W. S. Yeates	200	—	17.4	8.7	5.7	9.8

S=Suspended.

Prices and details of services now available on Prestel, page 48146

BASE LENDING RATES

ABN Bank	11½%	■ Guinness Mahon	11½%
Allied Dunbar & Co	11½%	■ Hambros Bank	11½%
Allied Irish Bank	11½%	Heritable & Gen. Trust	11½%
American Express Bk.	11½%	■ Hill Samuel	§11½%
Henry Ansbacher	11½%	C. Hoare & Co	11½%
Amro Bank	11½%	Hongkong & Shanghai	11½%
Associates Cap. Corp.	12 %	Johnson Matthey Bkrs.	11½%
Banco de Bilbao	11½%	Knowsley & Co Ltd	12 %
Bank Hapoalim	11½%	Lloyds Bank	11½%
Bank Leumi (UK)	11½%	Edward Manson & Co	12½%
BCCI	11½%	Meghraj & Sons Ltd	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd	11½%
Bank of Scotland	11½%	National Bk of Kuwait	11½%
Banque Belge Ltd	11½%	National Giro Bank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd	12½%	Northern Bank Ltd	11½%
Brit. Bank of Mid East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans. Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd	13½%
Cayzer Ltd	11½%	R. Raphael & Sons	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Choulartons**		Royal Trust Co Canada	11½%
Citibank NA	11½%	Standard Chartered	‖11½%
Citibank Savings	¶12½%	TCB	11½%
City Merchants Bank	11½%	Trustee Savings Bank	11½%
Clydesdale Bank	11½%	United Bank of Kuwait	11½%
C. E. Coates & Co Ltd	12 %	United Mizrahi Bank	11½%
Comm. Bk. N. East	11½%	Westpac Banking Corp.	11½%
Consolidated Credits	11½%	Whiteway Laidlaw	12 %
Continental Trust Ltd	11½%	Yorkshire Bank	11½%
Co-operative Bank	*11½%		
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd	12½%		
■ Robert Fleming & Co	11½%		
Robert Fraser & Ptrs	12½%		
Grindlays Bank	‡11½%		

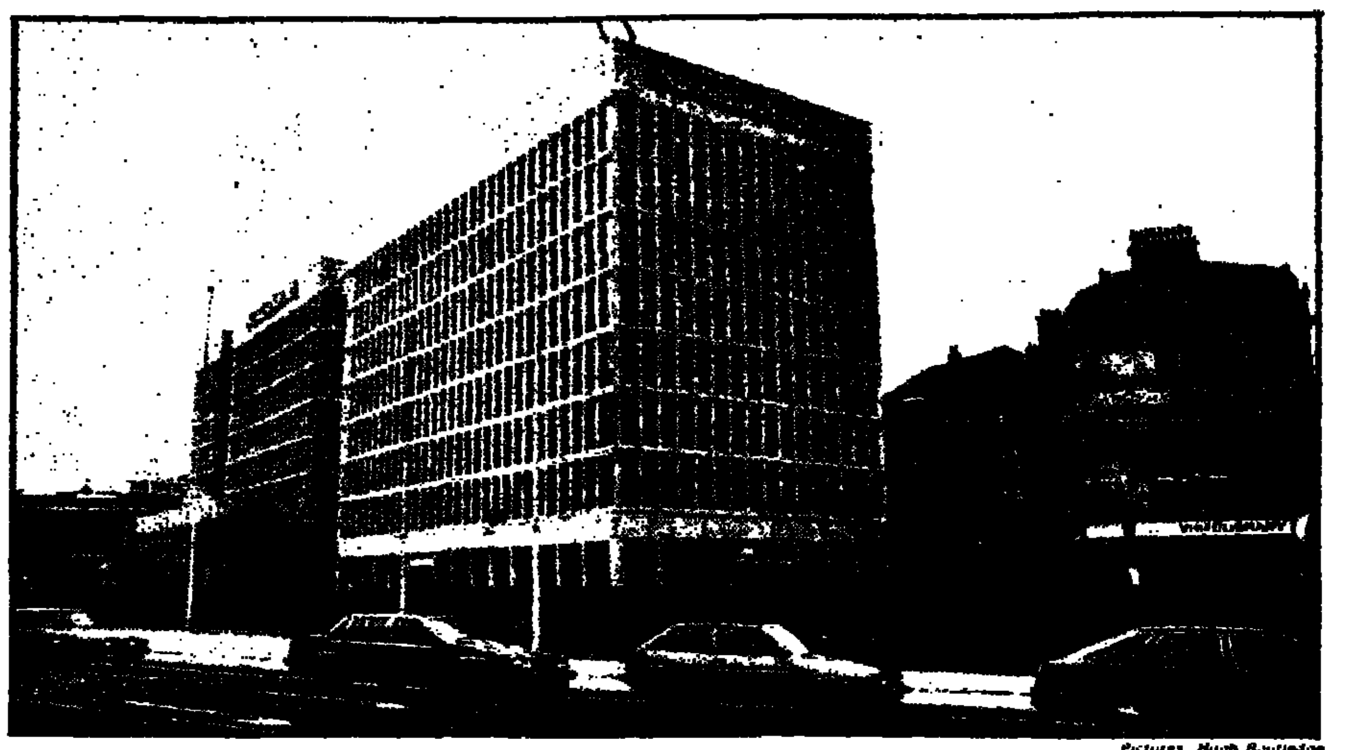
■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8.00% gross.
‖ 21-day deposits over £1,000 9.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand dep. 8%. Mortgage 13%.

FT REGIONAL REPORT

Economic and social decline of this once great business city has forced it to shed parochialism and to sharpen its image to meet the changing needs of industry today

Bradford

AROUND BRITAIN



The National and Provincial is one of three of the UK's largest building societies which are based in the district, forming a substantial financial sector and a 20th-century image amid the Victorian decay

Pictures: Hugh Routledge

Self-help to revival

Regional report by Nick Garnett

A GROUP of more than 100 businessmen, local politicians and trade unionists assembled at Bradford University two months ago to discuss the future of the West Yorkshire city.

The conference, part of a council-run project called Bradford 2000 reflected two important changes in England's fourth largest metropolitan district by area and sixth biggest by population.

Bradford was made great on the back of manufacturing and trade, but like so many of the older conurbations in the North and Midlands it has lost its place in the scheme of things. Some 25,000 jobs have disappeared since the late 1970s, producing unemployment of more than 16 per cent and turning the city into the only Assisted Area in West Yorkshire.

But the meeting also pointed to a trend evident since recession turned the screw on an already shaky employment base: the city has done more to help itself than probably any other urban area of similar size in Britain.

This has brought:

- An economic development unit which was the first of its type in the country when set up in 1979.
- A successful if small hi-tech sector with a thriving little science park.
- A tourist industry and a substantial conservation programme for Victorian buildings.

These tools of urban revival look puny against the great sea changes in manufacturing and employment which have knocked Bradford sideways. But they are a tribute to its spirit and willingness to break out of the parochialism of the Pennine communities.

The district which is almost 20 miles broad at its further points, falls into two parts. The old stone-built city of 300,000 people, with the smaller settlement of Keighley, encompasses most of the district's poverty and unemployment. The outer suburbs, villages and rugged countryside stretching to the Yorkshire Dales, which make up the district's total population to 465,000, are more affluent.

Pressures on Bradford have come from three directions. Its biggest manufacturing branch plants like those of Renold, Thorn and International Harvester, shut; its small jobbing engineers declined; and wool, the industry that made the city, has shed production sites and employment over several decades.

Unusually for a district of this size, Bradford's population is rising. The number of people is likely to grow by 15,000 over 10 years and its potential workforce by a little less than 10,000 over the next six.

Bradford has found it increasingly difficult to compete with Leeds, its powerful commercial neighbour 10 miles away. Not enough wealth is generated in the North to support the large number of towns and cities in the way they became accustomed when they had their own manufacturing niches.

The gradual loss of influence to Leeds might account for complaints that Bradford's retail services do not provide the spread of quality they once did. As another sign of Bradford trying to do the best for itself, a retail action group is now examining the problem.

One of the new symbols of Bradford is an overmuscled Thor-like figure with flowing hair and beard hogging the city's promotion brochures. A cartoon of a pinstripe-suited businessman looks on with a smile as the club-wielding Thor smashes through the obstructions to a healthy business life.

Bradford's imaginative Mythbreaker literature is the most prominent symbol of the city's economic development unit. The unit was set up to improve the city's image, support local industry, promote tourism and—to a lesser extent—attract new companies.

It runs on a yearly budget of £790,000, including £200,000 for promotion and tourism and £150,000 for financial incentives. These supplement government development grants and the textile area business expansion scheme under EEC funding. Government cuts have taken their toll on its capital budget which stood at £3m five years ago but is now just under £1m.

The unit's head, Mr John Page, says it has raised the awareness of Bradford and businessmen outside the city to new opportunities and helped create a better image.

"Bradford is becoming more promotion conscious," he says.

Image is one of the city's biggest drawbacks. Bradford has trail-blazed urban tourism and the unit plays a significant role in attracting investment for museums and the refurbishment of some of its grandest civic buildings.

Though the paucity of new investment means that it is difficult to attract new manufacturing plant, it has lured Spring Ram, the ceramic and kitchen furniture company, into building two new factories.

The unit believes a lot of its work should be diverted towards helping local businesses through the supply of cheap loans and suitable buildings, and creating a better business climate. To that end it forged closer links with the chamber of commerce. In spite of economic decline, Bradford still possesses a substantial manufacturing sector of which textiles remains the largest industry. The headquarters of three building societies and large operations in mail order and printing.

Bradford's efforts have been aided by the West Yorkshire Enterprise Board whose financial support has assisted a range of companies mainly in engineering. It has helped to bring motor car production back to Bradford through Naylor Cars' MGTF replicas.

Bradfordians are acutely aware of the decline that has afflicted manufacturing and the city's physical fabric. The social stresses of a city short of money and jobs was encapsulated in the booklet District Trends, published by the council last year. The conference at Bradford University and the whole of Project 2000 is to some extent a response to the findings in that booklet. The project is long-term but already there is a move to set up some form of a "renaissance" pressure group.

Many say that an economically healthy future is now beyond cities like Bradford. Mr Mark Foster, who is co-ordinating the project, cannot afford to take that view.

The conference felt Bradford must have an economic future but it is not known what that will be," he said.

A nine-month, £120,000 economic survey by Graham Moss Associates under way might provide some clues.

ENVIRONMENT

Battle to save Victorian legacy

Within the largest urban area of Bradford district a battle is being waged over the future of its environment. Multi-million pound refurbishment projects and a long-term programme of stone cleaning jostle with the dereliction left in the wake of mill closures and the task of maintaining the council's housing stock with an inadequate budget.

Bradford is one of the country's most complete Victorian stone cities in spite of past attentions of engineers who sacrificed everything on the altar of traffic flow. The honey-coloured sandstone confers on Bradford its strong physical personality.

Some £1.3m has been used on a refurbishment of St Georges Hall, £7.5m on the Alhambra theatre for re-opening in March, and £1.5m at the Odsal Sports Stadium.

A large site in Manningham, one of the more distressed inner city areas, has recently attracted an urban development grant and will be transformed for retailing. William Morrison, the supermarket chain, is hoping to redevelop the former International Harvester tractor site, a leftover from the city's shrunken engineering sector.

Smaller schemes are underway or planned. The Paper Hall, dating from 1643, is at last being restored after decades of neglect. The Wool Exchange, a fine but misused building that symbolises Bradford's history as the one-time centre of the world's wool trade, might soon find new life as a shopping centre.

Yet Bradford has been scarred by decline and a starvation of cash. More than half its empty factory space is composed of multi-storey mills, a reminder of a once-great industry upon whose patronage many of Bradford's finest civic buildings were constructed.

Some inner city housing has the worst symptoms of decay and urban blight. More than 3,000 council flats will need major repair or modernisation in the next few years. Low office rents of £2.50 per sq ft deter developers on the little amount of suitable land.

Bradford possesses an attractive commercial centre but the city is conscious that its image to the outside world will be partly governed by the ways its physical appearance changes.

BRADFORD 2

EMPLOYMENT

Job cuts eased by small businesses

BRADFORD'S employment base has shrunk dramatically but its long history of spawning small businesses, many of which have grown into sizeable concerns across a dozen manufacturing and service sectors, has afforded it greater protection than cities almost totally dependent on branch plants.

"There is still confidence and we are looking forward to better things to come," says Mr Donald Woodcock, director of the city's chamber of commerce which, with 1,500 members, has the biggest membership of any chamber in Yorkshire and Humberside.

Outside the textile industry, engineering has taken the most severe beating. This started in the late '70s with the closure of Thorn's television manufacturing plant—once Europe's largest, employing 4,000—and International Harvester's tractor plant. More recently, Renold has shut most of its Bradford operations.

GEC machines makes electric motors and the group also has a moulded plastics business and small foundry in the city, but the company has declined as a major employer.

Yet there is still a clutch of medium-sized engineering companies and some of the small general machinists and jobbing firms remain, in spite of the severe impact of recession and a familiar tale of inadequate investment.

Hepworth and Grandage has a workforce of 1,400 and was one of the founder members of Automative Engineering. Customers for its piston assemblies include Ford, Saab and Cadillac.

N. G. Bailey, whose products range from fire protection systems to instrumentation and control panels has its headquarters on the Bradford-North Yorkshire boundary. Other companies include turbo-charger manufacturer Schweitzer, machine tool maker Dean Smith and Grace, and Davenport Engineering, known particularly for cooling tower construction.

BBA Conveyor Belts is at Cleckheaton and locally-grown companies like Hindle, involved in power transmission, have recently been joined by Naylor Cars making replicas of the old MG TF. This company has returned car manufacturing to the city after the demise of Jowett in the '50s.

Mail order is big business in Bradford. Grattan, the UK's third largest independent mail order house has its headquarters in the city and has come back strongly after a difficult two-year trading period. Almost 2,700 of its 3,150 workforce is in the city. Financial analyst's are talking of profits four times larger this year than two years ago.

Empire Stores, a little below Grattan in the pecking order, also bases its computer centre and buying staff in the city, but its distribution operations are in Wakefield.

A significant printing and paper industry has grown up in Bradford partly on the back of mail order. It includes Watmoughs, which has been reducing its mail order commitments, moving into security printing. Customers include Marks and Spencer, Reed and the Mail on Sunday's You magazine.

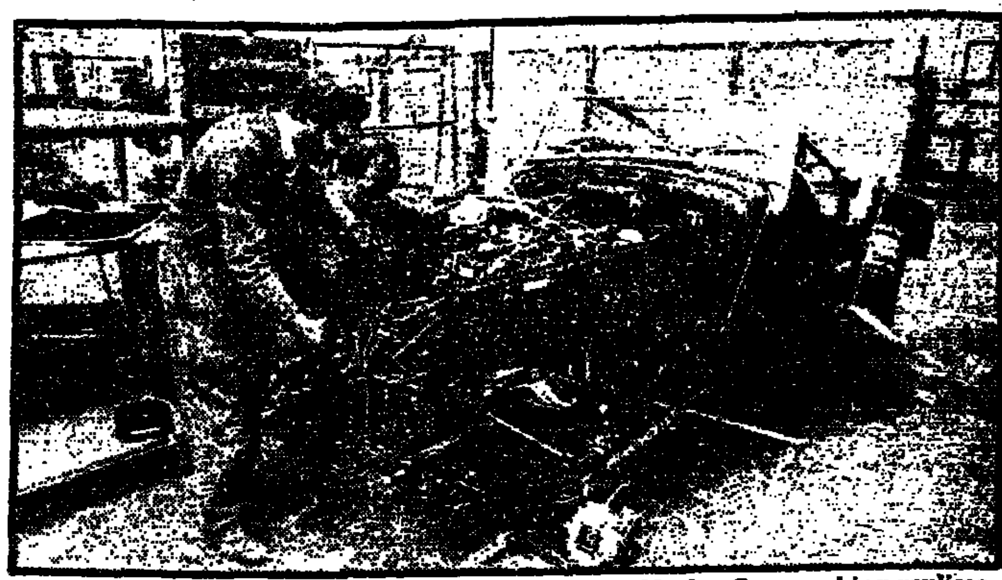
Sharps Cards is now part of the U.S. company Hallmark while others in the sector include Fine Art Developments (selective paper) and "ields.

One sector not normally associated with Bradford is chemicals but Allied Colloids, a local business employing 1,200 which was once one of Britain's fastest growing companies, produces speciality chemicals for a wide range of industries. A. H. Marks, at Wyke, is heavily engaged in agricultural chemicals while chemicals distributor Ellison Everard has headquarters in Bradford.

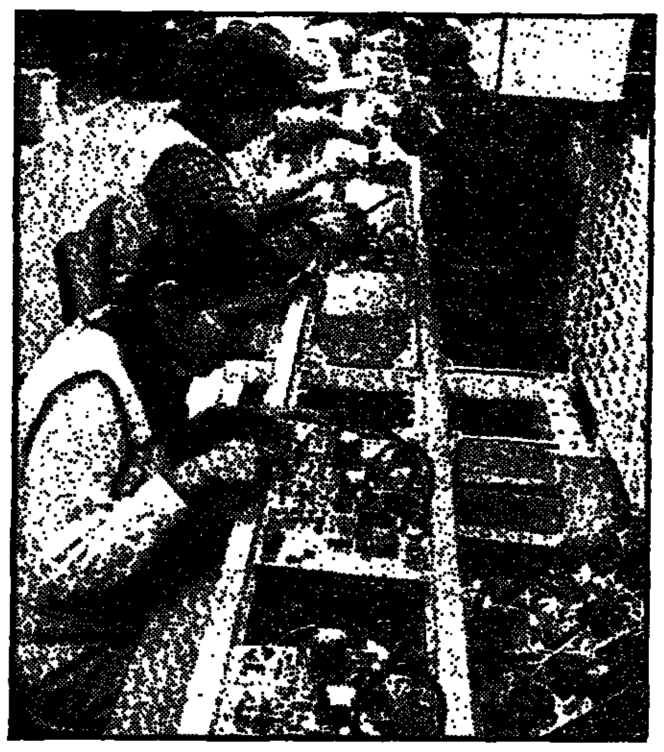
In furniture, fitting and household equipment Magnet and Southern is headquartered near Bingley. Halifax-based Spring Ram, one of the fastest-growing bathroom and kitchen manufacturers, has built two new factories in Bradford.

Other companies with head offices in the area include Peter Black (Keighley), which makes shoes and travel bags among other products. Charlie Brown car part suppliers has been expanding into Lancashire and has just gone public, while National Breakdown, the car and commercial vehicle recovery service, began life in Bradford.

Initial Services, recently bought by BET, has its divisional headquarters in the city for Allied Industrial Services and Allied Workwear Services. Morrisons, the supermarket group with a £340m turnover and 35 outlets in the North and Midlands, began life in the city where it still has its head office.



Car production has been revived in the city through Naylor Cars, making replicas of the old MG TF with aid from the West Yorkshire Enterprise Board



A production line at Microvitec

HIGH TECHNOLOGY

Future hinges upon Microvitec

ONE OF the most surprising aspects of Bradford is that it possess a genuine and significant pool of high-technology companies and a true science park.

This marks out the city from most others of similar background. But in terms of employment it cannot yet compensate for the closure of the Thorn television manufacturing plant in the late 1970s which once employed almost 4,000.

Outside the science park, main companies include Microvitec, which employs 420 and derives 85 per cent of its business from the manufacture of monitors for a range of products from personal computers to medical electronics.

Filtronic, set up 11 years ago at Baildon, has a workforce of 80 manufacturing microwave filters and multiplexers for communications equipment. With a turnover of £1.5m, Filtronic sells to all the big systems manufacturers like Plessey and Racal as well as to the BBC and British Telecom. It has also secured a toe-hold in the U.S.

Lucas Aerospace straddles advanced technology and basic engineering, employing 470 in the city manufacturing actuators to help steer aircraft and missiles.

The Listerhills Science Park alongside Bradford University is one of English Estates most successful ventures. Behind its single-storey, glass-fronted units some 20 companies employ more than 200 people. These range from one-man businesses through a range of manufacturers and software and graphics specialists to Business Information Techniques, which employs 50 people.

The Science Park's 42,000 sq ft first phase got off to a slow start in 1983 but eventually the take-up was so quick that the second 23,000 sq ft could not be built fast enough. English Estates is hoping to develop the site over the next five years to its maximum of almost 12 acres.

Such a development improves the image of Bradford but there is always concern that many high-tech businesses that set up in northern cities will either relocate or die quickly. Most of the high-tech businesses in Bradford appear to be happy at operating in West Yorkshire, however.

One of the tests for the city's technological enterprises will be the way the future of Microvitec develops. The company started trading in 1980 in 12,000 sq ft with 32 people. With the help of the council it now has 158,000 sq ft (including a research centre under construction) and 70,000 of its monitors have been sold in the UK to companies like Apple and the BBC—some of its sales linked to the schools computer programme.

The financial Press, however, has not liked some of the things that have happened at Microvitec. Its profits stagnated and its share price has slumped among worries that it might not be able to resist competition from bigger companies.

Mr Tony Martinez, founder and chairman, accepts that the company did not pay enough attention to the development of management services, engineering back-up and consistent quality control. He says these have been put right, business is picking up and he points to continuing sales growth—predicted to be £20m this year—its Queens Award for technology last year and a broad range of customers including Ferranti and ICL.

TEXTILES

Wool industry surge confounds sceptics

BRADFORD'S WOOL textile industry has suffered a severe decline since the 1950s, the decaying hulks of empty mills the biggest single contributor to the city's environment problems.

But the industry has confounded the sceptics. It not only continues as the city's biggest industrial employer, but its biggest companies have been benefiting from a mini-boom over the past three years. "I'm optimistic" says Mr Peter Richardson, secretary general of the Confederation of British Wool Textiles which has its headquarters in a large Victorian house within the city.

Some of Bradford's leading figures believe textiles has as big a contribution to make to Bradford's future as any industry though there are a few worrying trends on the horizon.

Now employing about 14,000—compared with four times that number 25 years ago—the Bradford wool business is rooted in high quality worsted, a spinning method involving the removal of short fibres and the lining up of long fibres in parallel to give a smooth texture.

In what was once the world's wool capital, five big cloth producing companies remain—Parkland, the biggest, John Foster, Stroud Riley Drummond, S. Jerome and Hield Brothers. Illingworth Morris is selling its Salts business to Stroud and closing the Salts mill in Saltaire. Most of the surviving companies now have the luxury of operating in somewhat separate niches.

Output from these companies includes worsted suit cloth, Alpaca for overcoats, blazer cloths and cavalry twill and furnishing fabrics. Parkland has recently moved into suit making with the purchase of Maitland Manufacturing.

Apart from these cloth producers, Bradford's textile industry includes spinners Whiteheads, Daniel Illingworth and Bulmer and Lumb though the latter has moved part of its operation to Bolton. There are also specialist wool combing businesses, commission weavers, dyers and waste handlers.

"The companies left are the ones well managed," says Mr Richardson. "Their plant and machinery is about on a par with the rest of Europe."

In the wool business, everything is qualified. Mr Richardson says his optimism is subject to a number of qualifications including the industry's readiness to adopt to changing fashions and the outcome of negotiations on next year's Gatt Multi-Fibre Arrangement renewal. Bradford also needs to keep its eye on what its foreign competitors are up to, in particular those in the Prato district of Florence whose flair and management ability largely accounted for the shrinkage of the city's wool industry. Textile managers are also worried about rapidly shrinking Middle East markets.

Profits

John Foster which employs 850 in Queensbury, overlooking the city, and whose Black Dyke mills gave its name to Britain's best known brass band, presents a familiar story of healthier trading since the dark days of 1980-81.

The company specialises in high quality fine mohair and worsted suiting, producing more than 3m metres of cloth a year. A third of output goes to Japan. It has made three years of profits though they have not been as high as deputy managing director, Chris Renard would like. Last year it notched up a £21m turnover.

John Foster has spent £10m on plant and equipment over the past decade but while it has invested in modern spinning machinery it needs to update some of its weaving equipment. Family owned businesses in the Bielle area of Italy are one of its biggest headaches.

Mr Renard sees some red lights flashing on the trade front but he says Foster profits will continue to rise and he looks to the future with guarded optimism.

Report on social trends highlights the pressures of poverty

Chronicles of a central problem

A SMALL booklet sent to newspapers last year has probably generated as much controversy, heartache and hand wringing in the city as any other single document.

The booklet, District Trends, the Changing Face of Bradford, produced by the metropolitan council, was not intended to give a balanced profile of the city. It aimed at presenting a detailed survey of the pressures of poverty, unemployment, population growth and dereliction that affects large parts of a city that does not have financial resources to alleviate them.

District Trends stated: "In 10 years, the district has moved from full employment, a superficially healthy-looking economy and relative prosperity for virtually everyone, to massive factory closures, 37,000 unemployed, 50,000 people on supplementary benefit — and for thousands the apparent end of their hopes of a decent career, income and lifestyle."

Some of these pressures are gripping almost all Northern and Midland cities, some of which have endured a bigger contraction of their employment base and higher unemployment.

Yet special pressures are being exerted on Bradford. It has one of the lowest if not the lowest cost of living in Britain. Low house prices deter private building within the inner city. The number of children and the size of available workforce are growing principally because the Asian population of 60,000 has a high birth rate. The total non-white population is expected to rise to about 90,000 over 10 years.

A gradual dispersal of the middle class even from the fringes of the centre, many to outer villages in the district, has given it a lopsided social profile.

The city must also cope with the sensitive issue of race relations. Many outsiders pay tribute to the way Bradfordians have absorbed the city's Asian population. But many others detect considerable racial splits in the community and in its schools. The issue of Mr Ray Honeyford, the Drummond School headmaster at the centre of a long-running dispute following his criticism of aspects of the city's multi-cultural education policy, has appeared to unearth dormant tensions.

The publication of District Trends upset some of the business community, particularly in the way it was promoted by the council in battles to win more rate support grant from the Government. But few doubt that it accurately encapsulates some of the most intransigent problems Bradford is facing.

The booklet chronicles the growing development of "poverty zones" in which half of children are on free school meals. The district's population is expected to rise from 465,000 to 480,000 over 10 years, with the number of five to 15 year olds increasing by 10,000 from 75,000 and those under five by 6,000.

People of working age might rise by 10,000 over 15 years from 1984. The council says it needs 16,000 new houses, mainly in the inner city areas over the next decade and 12 new schools in the next five years.

The city area of the district is also short of good industrial building land even though it suffers from severe derelict land problems. Some 60 per cent of its empty factories are hard-to-let multi-storey premises and Victorian mills.

Mr Derek Booth, mortgages general manager, at the National and Provincial Building Society in Bradford, says urban development grant money must be secured to entice more private housebuilding in the inner city.

He is critical of the way the council has not welcomed the use of private builders for the renovation and private sale of disused council houses. Bellway, for example, wants to renovate a council flat block in Newby Square.

That sinking feeling

A poor image and paucity of new investment has made it difficult for Bradford to attract manufacturing plant to help solve some of its employment problems. One of the success stories, however, has been the luring of Spring Ram, the ceramic kitchen and bathroom equipment manufacturer, into building two factories. Fittings (above) are checked before going into the kiln.

MOHAMMED AJEEB, LORD MAYOR

Emphasis on environment

BRITAIN'S first Asian lord mayor is an optimist. "In the next few years we should be able to have something to offer our young people here. We shall be introducing new skills, concentrating on the young."

Councillor Mohammed Ajeeb, a 47-year-old born in Kashmir who took over as Bradford's lord mayor in the summer, is nevertheless conscious of the severe difficulties facing the city.

"We are not affluent by any standard. That means we have many social problems facing us: housing, unemployment and, as we are a cosmopolitan city, other problems from time to time.

"But we have a strong social fabric as a whole. We are the sort of people who do not sweep problems under the carpet. We are honest and very patient."

Mr Ajeeb, a community worker, has lived in Bradford for 14 years after moving from Nottingham.

His period in office has come at a difficult time for the city. The Bradford City Football Club fire galvanised the city's spirit, but it was a deeply distressing time. The Ray Honeyford education controversy is leaving deep scars in Bradford and has absorbed an inordinate amount of time in the council.

Meanwhile the problem of unemployment and the environment are worrying. But Mr Ajeeb's sunny outlook on life is undiminished.

"Woollen textiles are picking up. We have been able to attract some small industries. We cannot remain isolated, particularly in a period of high technology and technological change."

Bradford has done a lot to improve the appearance of its inner city but Mr Ajeeb says environment will have the biggest priority over the next few years. The big constraining factor is money.

"Cash restrictions are creating problems for us. We need cash to educate our children and build homes. These cash restrictions are affecting us more acutely than some other cities," Mr Ajeeb says.

As an indicator, Bradford has been in the forefront of attempts through the courts to secure greater rate support grant from the Government.

EDUCATION

Technological bias adopted

BRADFORD HAS a well-developed though unfashionable sector of higher education which has a pronounced and deliberate bias towards industry, management and human sciences.

The university, which grew out of a college of advanced technology, includes a semi-autonomous management centre. Another organisation, the Bradford and Ilkley Community College, is the largest of its type with 20,000 students, mainly part-time.

The problems surrounding Mr Ray Honeyford, the headmaster whose views have partly encapsulated some of the worries and stresses in inner-city schools with majorities of Asian children, has absorbed a great amount of management time at the City Hall.

This has tended to mask the benefits Bradford demonstrates of a long educational history. This history includes the figure of W. E. Forster, MP and Minister of Education, whose 1870 Education Act brought all children into schools. Bradford Grammar School is consistently in the top dozen for Oxford and Cambridge University entries.

The university's management centre, founded 23 years ago, is run by Professor Chris Higgins. Apart from providing a range of BSc and Master in Business Administration courses, the centre offers training programmes for young managers tailored to individual companies including ICI, Unilever and BP Chemicals, the North-West Water Authority and Yorkshire Chemicals.

Prof Chris Higgins, head of university management centre

It also provides advice on starting businesses or business plans and help on particular problems such as financial modelling for established companies. Total outside income last year was £500,000.

The university, along with other technologically-biased education centres, suffered a bad knock four years ago when its government cash support was slashed by 25 per cent. This forced a cut in staff from 500 to 400 and the scrapping of some activities, including the school of textiles.

However, it still has the largest number of sandwich-course students in the country and much of its expertise remains in electrical engineering, languages and applied social studies, with more than half of its work devoted to technology of one kind or another.

Financial cuts have at least encouraged the university to earn money from outside—a total of £2m—more than two-thirds of which derives from selling research and from company grants or contracts. The commercial initiative should impress Mr John Harvey Jones, ICI chairman, who takes over as university chancellor next year.

Two companies have been set up by the university in the past few years. Bradford University Research has notched up sales to Nasa, the U.S. space agency, and Bradford University Software Services has sold its expertise through a licensee to Mitsubishi in Japan and to West German companies.

The Bradford university management centre earned £500,000 last year from services like training tailored to individual companies and providing advice on start-ups or financial modelling

BRADFORD 4

The attractions of Haworth, the heart of Bronte country, helps bring in 30,000 holidaymakers a year to the district

TOURISM

Clever selling in a city of surprises

FOR THOSE whose perception of Bradford is rooted in rotting mill buildings, grimy streets and corner fish-and-chip shops, Bradford is a "surprising place," as the tourist posters profess. So surprising that it has trail-blazed Britain's urban tourist drive, taking the British Tourist Authority's Mark Henig award three years ago for being the fastest-growing tourist "resort."

The number of visitors might be levelling off, or even marginally declining, but it still stands at 30,000 package holidaymakers. It is also the only northern city benefiting from a tourism development programme sponsored partly by the English Tourist Board.

Bradford's success is partly a sleight of hand. Local Government reorganisation in 1974 handed the district a large boundary encompassing gateway villages to the Yorkshire dales, tourist haunts like the hillside town of Haworth where the Brontes lived, and rugged wild countryside built of millstone grit.

The drastic fall in business visitors in the wake of economic decline still hangs heavy in Bradford. Spending by tourists, whose typical profile is of an elderly low spender, cannot compensate. Leeds remains a bigger tourist centre.

Nevertheless, Bradford has marketed itself cleverly on a relatively small yearly budget of £110,000, excluding salaries, and exploited what it possesses. Some might say this has been done too well with shop signs clogging Haworth's cobbled main street and the congestion of coaches in Esholt village (the pub is regularly featured in Emmerdale Farm).

Scores of towns and cities are trying to emulate Bradford but many will fail because they cannot provide the spread of interests on offer. This covers the city's industrial heritage, its 39 mill shops, the Brontes, bleak moorland, and hills criss-crossed by blackened stone walls.

There would have been more to offer if it was not for the demolition of so much of architectural value in the city, frequently with hardly a dissenting murmur.

Bradford also houses the National Museum of Photography, Film and Television, a £2m development which attracted £550,000 from the EEC in the face of Whitehall scepticism. The museum, which has hosted one exhibition of the paintings and photographs of Bradford-born David Hockney and is currently showing a film of a space shuttle flight on its five-storey Imax screen, had its one millionth visitor last month.

Bradford also sells itself on the back of television soap operas, series and feature films. These include The Railway Children, filmed on the Worth Valley steam railway from Keighley to Oxenhope; Yanks; Woman of Substance; Billy Liar; and the Dresser (filmed partly in the Alhambra Theatre), as well as Emmerdale Farm.

Another touch of nostalgia adding to the Bronte mystique: the Worth Valley Steam Railway at Haworth

The garage around which the current ITV series Winning Streak pivots is a mile from the city centre.

This celluloid output has become more important as a marketing aid than Bradford's most famous sons like J. B. Priestley and the composer Delius.

Much of Bradford's promotional effort revolves around the physical symbols of its industrial past as the world's wool capital, so dominant an influence in the city that Bradford's local politics and business community were once in the pocket of its wool barons. The era of these magnates, with their imposing stone mansions, continued into the 1950s, captured in word and on film by Room at the Top, another product of a Bradfordian, John Braine.

An area called Little Germany comprises 34 stone buildings, mainly wool warehouses with some ornate carving, in which German immigrants had their merchanting heyday, before the turn of the century. This grossly under-used area is hungry for the injection of money, people and life.

A £15,000 study by outside consultants has been commissioned to see how that might be done.

Five-Rise Locks in Bingley, a smart piece of 1774 engineering on the Leeds-Liverpool canal, and the industrial museum at Eccleshill where some of the fruits of Bradford's one-time motor car industry are on view, are two sites many Bradfordians have never visited.

At the 19th century Saltaire village, built by forward-thinking wool captain Sir Titus Salt for his workers, you can sit on the canal side and take tea to the sound of Roaring Twenties gramophone records and visit a harmonium and reed organ museum. The cohesion of this stone village, made up originally of 850 houses, might be under threat with the closure of Salt's mill.

Tours include water-bus trips down the canal and "psychic sightseeing" ventures, which encompass Dobby Stones (in folklore used in feeding elves), Celtic heads and runes found in and around the old weaving villages.

Bradford's tourist marketing as a base for exploring the Yorkshire counties has given it a more outward countenance towards leisure and entertainment. Two casinos, new nightclubs and wine bars and the conversion of a chapel into an impressive Indian restaurant has brought some life back to the city. Odsal Stadium, once a cavernous and tatty bowl that crammed in more than 100,000 spectators for a rugby league cup final replay, staged this year's world championship speedway finals.

Many are sceptical about the economic value of tourism to cities like Bradford, but bed occupancy in its hotels has been notched up to 60 per cent and yearly tourist spending in the city is put at £4.5m.

MICROFIRMS

Workshop venture takes off

WHAT HAVE the following in common: the borough councils in Rotherham and Hull, the National Coal Board, a private developer in Derby and a cooperative in Liverpool?

They have all sought advice on setting up managed workshops from a consultancy at Bradford Microfirms, a venture in former weaving sheds at Saltaire which provides a home for about 75 small companies.

The consultancy is an outgrowth from the workshops complex and was recently purchased as a separate concern by Mr Frank Kuhne, the workshops' former manager.

Bradford Microfirms was set up in 1979 following local chamber of commerce research into problems of small businesses.

That research carried out by Mr Kuhne, then studying at the university management centre, led to £180,000 worth of equity and loans to set up the business.

Some 25 people or groups are shareholders, including ICFC and the West Yorkshire Enterprise Board. Barclays provided loans.

Unlike some similar schemes, the managed workshops are pitched squarely at the smallest business, and 90 per cent of the 126 units available are of 500 sq ft or less. Companies take a monthly licence at rents from £7 a week for a small office of 50 sq ft up to £70 a week for 2,000 sq ft of space. The 75 companies using the workshops occupy about 100 of the units. Most are less than five years old.

FINANCE

Bequeathed by accidents

A SUBSTANTIAL financial sector that is both an important employer and a local wealth generator has been bequeathed to Bradford, partly by the accidents of history and company mergers.

Three building societies — National and Provincial, Bradford and Bingley and the Yorkshire—have their headquarters in the district. The Provident Financial Group, whose core business is personal credit, is also based in the city.

But the city's financial sector is small in relation to that of Leeds, and Bradford has only a couple of stockbroking firms.

The National and Provincial, formed in 1982 out of a merger of the Provincial and the Burnley is the seventh largest building society in Britain, with £5bn in assets. Some 700 staff occupy its imposing eight-storey headquarters in the city centre which it shares with the district council.

The building society's computer operation is now based in Burnley but its computer systems design work remains in Bradford. Along with all the other company's operations, the chief executive, Mr John Richardson, says National and Provincial has had no difficulty in recruiting staff locally.

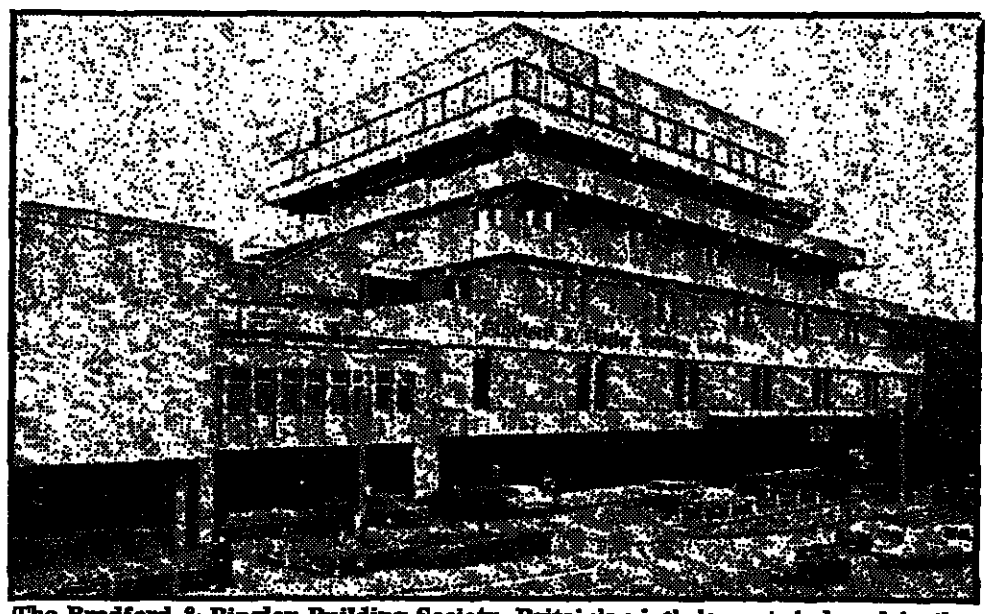
The society has been involved in the blanket offer of grant top-up mortgages to the residents of historic Hanover Square, which is being refurbished.

The Bradford and Bingley, the ninth biggest building society, is the largest employer in the town of Bingley, with 650 people on its payroll.

The Yorkshire, born out of a merger of the Huddersfield and the Bradford Permanent to create what is now the UK's 13th ranked society, has its headquarters close to the National and Provincial and employs 400.

The Provident, the subject of continuous takeover rumours, was established in Bradford 105 years ago to provide credit for working people, and now employs more than 1,000 in Bradford. Its traditional consumer credit market has more than 1m customers, and it has diversified into banking services, insurance, vehicle warranties, computer services and estate agency work thoughout its Whitegates subsidiary.

A wealth creator it may be and a crucial element in providing Bradford with a mixed white-collar employment core, but technological advances in handling cash accounts means that this sector will probably provide a shrinking pool of jobs.



The Bradford & Bingley Building Society, Britain's ninth largest, is based in the area and is the largest employer in Bingley

TRANSPORT

High hopes for airport growth

PLANNERS are pinning a lot of hopes on the expansion of Leeds/Bradford airport, which is three-quarters through a £23m expansion programme and beginning to feel for the first time like a proper airport.

This is in stark contrast to the city's rail services. British Rail last month cut services between Bradford and London from five to three a day, partly in recognition of declining business travel.

The bus-rail interchange in the centre of the city, the biggest of its type in Europe when built, is a shadow of what it was planned to be.

Leeds/Bradford airport at Yeadon is inside the Leeds metropolitan district but only two miles from the Bradford boundary. It is run by a joint committee from Bradford, Leeds and the West Yorkshire county council. With the abolition of the county council, a new committee dominated by Bradford and Leeds, but including representatives from the other three metropolitan districts—will take over.

The airport's growth has been slow, partly because of disagreements between the two cities and Leeds's more conservative attitude to expansion. But Brussels and Copenhagen will soon be added to the list of weekday scheduled flight destinations which already includes Paris, Amsterdam, Oslo and Frankfurt.

Last year 435,000 passengers used the airport. This is on course for an 18 per cent increase this year, with August figures 30 per cent higher than the same month last year.

Expansion has included an extension to the runway, completed last November, from 5,400 to 7,400 ft. This enables Jumbo jets to use Leeds/Bradford for the first time. The Canadian company Wardair is planning regular package flights to its home country next year.

The airport's first duty-free shop, run by Trusthouse Forte, was opened this summer. Cargo services were extended two years ago, with bonded store and transit shed run by British Midland.

The apron has been lengthened and new navigation and lighting equipment introduced. The first phase of extending the passenger terminal building was also completed this summer and refurbishment of the original building is in hand. This development programme is due to be completed by the middle of next year but there are also long-term development plans including a hotel and parallel taxiway.

Trunk-road building has helped Bradford, though its economic situation might have been affected adversely by being some distance from the main north-south arteries.

But the M606 motorway which starts on the outskirts of Bradford links the city directly with the M62 transpennine, the M1 and A1 and the Humberside ports.

THE PROPERTY MARKET BY MICHAEL CASSELL

Salomon heads for Victoria

IN ONE of London's largest office-lettings, Salomon Brothers, the Wall Street investment bank bank which has been rapidly expanding its UK business, has agreed to occupy Victoria Plaza, the 200,000 sq ft office complex overlooking London's Victoria Station.

The decision represents excellent news for the developers, Greycoat London, the funders, Norwich Union, and for the Victorial office market. It will, however, come as something of a shock to the City of London office market and will reinforce recent claims that the Square Mile cannot at present provide the type of accommodation now being demanded by the financial community.

With final negotiations at a delicate stage, the agreement has yet to be publicly confirmed, but it is understood that Salomon will be taking all 200,000 sq ft in the Plaza. Initially, however, the bank intends to sub-let up to one-third of the available floorspace.

The first £45m phase of Victoria Plaza, which Salomon will be taking, was completed in June 1984 by Greycoat London, a development partnership between Greycoat City Offices and Sir Robert McAlpine. There has been criticism of the building's design and the weak state of the local office market added to the marketing problems. Initial asking rents were reduced and it is now understood that the new tenant will be paying just under £20 a sq ft.

Salomon's decision to leave the City and to establish its UK headquarters operation in Victoria will come as a surprise to the financial community. Its need to centralise a rapidly growing London operation was clear but an address in or close to the City was expected. The bank was known to have looked at London Bridge City, now being developed on the south bank of the Thames by St Martins Group.

The letting is likely to mean that Greycoat London will now step up plans to develop the second, 350,000 sq ft phase of Victoria Plaza, for which planning consent has already been obtained.

● Courtaulds Pension Fund is paying £5.37m to Dixons Commercial Properties for a portfolio of shops. The deal involves 33 units, comprising 29 leasebacks to Currys, two to Dixons itself and two investment properties. Thirty of the shops are freehold.

Current income from the portfolio is £433,250, showing a net initial yield of 7.8 per cent. The properties are mainly situated in market towns and in the London suburbs, with nearly two-thirds of them in the south of England. Allsop acted for Dixons and Hillier Parker advised Courtaulds.

● Leonard Eppel's Arrowcroft group has won planning consent for a 240,000 sq ft shopping complex in the heart of Cheltenham. The four-acre site will house a 25,000 sq ft store, 25 shops and a food court and the project is expected to cost around £25m. Debenham Tewson and Chinnocks, Hill Welsh and Tucker Brown acted for Arrowcroft.

● A healthy rate of take-up has not prevented the vacancy rate in US office centres from continuing on its upward path. According to Coldwell Banker, the real estate brokers, the downtown office vacancy index in the US reached a new peak of 16.5 per cent during the third quarter of the year. A majority of downtown areas actually experienced a slight downturn in vacancies but these were offset by further sharp rises in several smaller cities. Worst hit cities are Oakland, Denver and Miami (24 per cent). In suburban office markets, the average vacancy rate rose further to just over 21 per cent, another new peak. Highest vacancy rates were in Houston (30 per cent)—with a lot more new space about to come on stream—Sacramento (29 per cent) and Orlando (27 per cent).

● Camrose office centre, the 30,000 sq ft office centre at Edgware, north London, developed by the Declan Kelly group, has been pre-let to Bankers' Automated Clearing Services at £10.25 a sq ft. Knight Frank and Rutley and Morgan Grenfell Laurie acted for Declan Kelly and St Quintin acted for BACS.

A new-found enthusiasm at Landsec House

LAND SECURITIES takes a pride in being Britain's biggest property group. It takes less comfort from being singled out as the most boring.

With a property portfolio valued comfortably in excess of £2bn and with a market capitalisation over twice that of its nearest rival, the group has sometimes been regarded as the property leviathan which has lost its way.

In recent weeks, however, a spate of announcements concerning acquisitions and development plans has caused something of a stir among observers used to long periods of silence from a notoriously reclusive management tucked away in New Fetter Lane.

The group firmly denies it has been sitting back on its assets but Tuesday's successful placing of £100m worth of mortgage debenture stock underlined the full-extent of what nevertheless appears to be a new-found enthusiasm for the job. It will also make it considerably harder for critics to talk about lethargy at Landsec House.

The debenture issue represents the latest and largest in a string of similar money-raising exercises in the property sector, involving names like Brixton Estate, Hampton Trust, Peachey and Haslemere. With an already disenchanted stock market not prepared to take the inevitable dilution arising out of rights issues, the property companies have been choosing mortgage debentures as the most preferable option.

Traditionally, the 10 per cent level has proved to be something of a psychological barrier for debenture money in the property sector but, with the prospects for an early fall in interest rates looking slim, they have been prepared to go ahead, raising over £400m between then over the past few months.

Earlier in the year, there was talk of a Land Securities' rights issue—the first since it raised £108m in 1980 — which would have done little to help an already fragile property sector. Much to everyone's relief, it never came about and this week's initiative, at a time when sentiment towards property has improved, caused few ripples.

The group, which has eaten its way through a fair chunk of its available cash and has never liked variable-rate borrowings, has managed to raise its £100m on terms which most competitors would find hard to beat.

Away from its money-raising efforts, Land Securities has not been idle on the development circuit, having recently modernised over 1m sq ft of office space in the City of London and the West End. But its traditional reluctance to say too much about what it is doing and a preponderance of "in-house" projects has helped create the impression of a sleeping giant.

Any company of its size, however, has trouble in maintaining momentum and in keeping up with the merchant-developers who have recently been making the pace in property. However professional and active the management, the sheer scale and complexity of the portfolio means better-than-average returns will be hard

The massaging of its existing property assets is paying dividends in the shape of higher rental income — although the group's efforts have been regenerating no more than 2 per cent of the portfolio a year — but Land Securities now accepts that, with its current phase of refurbishment coming to an end, new development projects will have to form an essential ingredient in any recipe for resuming asset and profits growth.

The real days of growth for the group were back in the 1960s and early 1970s when, under the guiding hand of Harold Samuel, it pursued an aggressive policy of acquisition and development which was to take it to the top of the property pyramid.

Land Securities now owns nearly 20m sq ft of office, shop and industrial floorspace, flung as far afield as Bootle, Brighton, East Kilbride and Exeter. The portfolio includes over 8m sq ft in the City of London and the West End — where there are nearly 100 properties each worth over £2.5m — as well as enough shop units to fill Oxford Street several times over. Gross rental income last year reached £144m, helping to produce pre-tax profits of nearly £96m. The £100m barrier will easily be breached in 1985-86.

Peter Hunt, not always the most forthcoming of property cihef executives, acknowledges that his group has been concentrating on keeping its immense, existing portfolio up to scratch but makes it clear that an increasing proportion of resources will now be directed towards development beyond its existing properties.

"We have carried out an extensive, internal improvement programme and this will continue in the years ahead. But now we feel the time is right to go out, create new opportunities and, hopefully, do something a little different," he explains.

Some clues to the way in which the money will be spent have already emerged. Lake most property developers, Land Securities has been keen to step up its exposure to the retail sector and, earlier this year, came close to funding Cameron Halls' MetroCentre out-of-town shopping development at Gateshead. Its recent commitment to the retail warehouse field remains firm and, despite a late arrival in this fast-expanding and highly profitable sector of the property development market, the group has made good progress. With an initial portfolio of £50m in mind, Hunt says the group is already well on the way towards achieving its target.

Most of the recent news about new projects, however, has centred on plans for further office development projects, most of them in and around London, where 70 per cent of the group's total portfolio is located.

In a move which, for Land Securities, seems positively adventurous, the group is seeking planning permission for a major City of London development site which it does not own. The former Post Office headquarters site at St Martins-Le-Grand, close to St Paul's Cathedral, is being sold by tender, with a November 29 deadline. In common with several other major development companies, Land Securities is submitting unconditional bids to the Post Office, which has consent to redevelop the building within the existing walls.

In the meantime, the group has taken matters one step further and lodged a planning application with the City Corporation, seeking permission to demolish the existing buildings and develop over 220,000 sq ft of office space.

The group is also sitting on another major redevelopment project at Grand Buildings in Trafalgar Square. The shortlist of entries from a design competition is now being drawn up but a start is not envisaged before 1987 at the earliest.

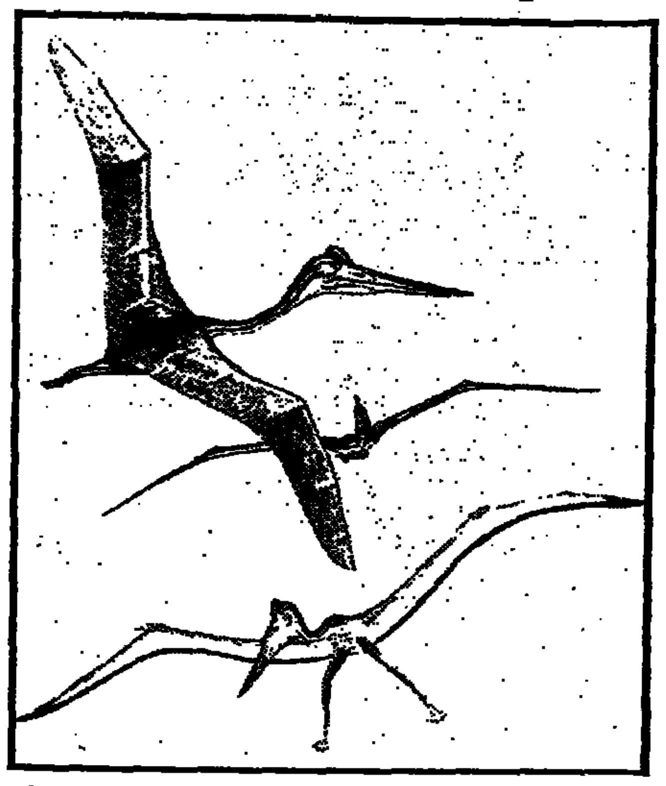
Land Securities' new-found resolve will not, overnight, revamp its performance. But a fresh surge of activity by the industry's leader will provide a welcome tonic for a market already well on the way to regaining its confidence.

TECHNOLOGY

EDITED BY ALAN CANE

Getting into a prehistoric flap

The fossilised remains of a pterodactyl sparked off a novel attempt to recreate the way it flew, David Fishlock reports



Quetzalcoatlus northropi: long neck and large head were destabilising features.

REMOTE PILOTLESS vehicles of the future may be disguised as nocturnal birds, gliding silently over the battlefield to gather their data close to the ground, undetectable by radar or heat-sensing systems.

An ambitious demonstration of the possibilities of this imaginative stealth technology is being planned for quite different reasons by the U.S. National Air and Space Museum of the Smithsonian Institution in Washington DC. The idea is to fly a half-scale model of a pterodactyl, in order to understand more clearly how birds manage to fly without the aids to control and stability which aircraft use.

The demonstration is the brainchild of Dr Paul MacCready an aeronautical engineer who believes that when man invented the aero engine, he stopped trying to understand how birds fly.

Dr MacCready, president of AeroVironment, consulting aero-engineers of Monrovia, California, is building a model of a pterosaur — literally "winged lizard"—which will fly by flapping its wings. At a cost of nearly $500,000 his team hopes to simulate the performance of a prehistoric creature whose fossil remains were found in Texas in 1975.

Dr Douglas Lawson of the vertebrate paleontology laboratory at Texas University found fragments of one huge wing scattered over half an acre. Its thin-walled, hollow bones were nearly twice the size of any wing bones previously found. They suggested a wingspan of 36ft or more.

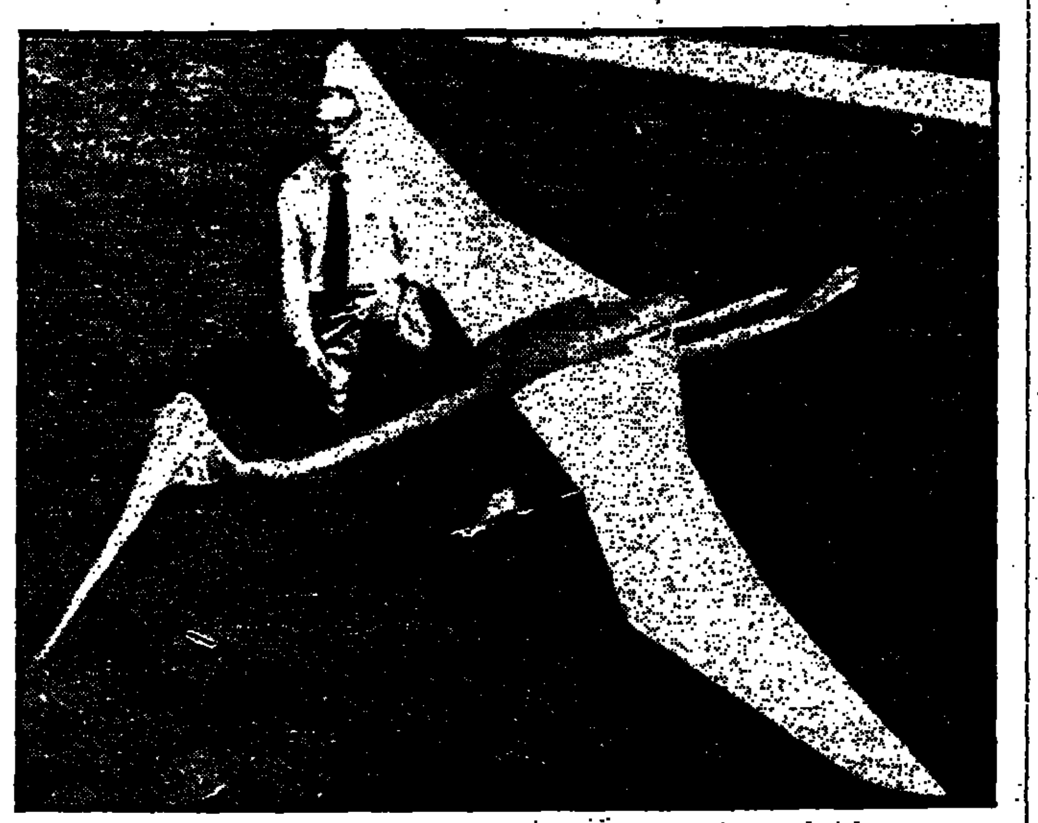
The paleontologists named this precursor of birds *Quetzalcoatlus northropi*, after the Aztec feathered serpent god and the company which, in the 1940s, built big flying wings. They concluded that the fur-coated Quetzalcoatlus, in spite of the great wingspan, must have had an all-up weight of 100 kg or less.

They also concluded that it lacked any tail to provide stability and control in pitch, and it lacked a rudder to provide lateral control. It had a long neck and a large head—both destabilising features.

They think that to fly the creature must have exerted active control—the kind we use to balance a bicycle, Dr MacCready says. He is collaborating closely with Professor Wann Langston, the project's scientific adviser, who directs the vertebrate palaeontology laboratory in Texas.

Dr MacCready has already acquired an international reputation as the inventor of a series of unconventionally powered aircraft, including the Gossamer Albatross, which made the only man-powered cross-Channel flight, between Folkstone and Cap Griz Nez, in 1979. Two years earlier his Gossamer Condor made the first sustained and controlled man-powered flight. The Condor, virtually a plastic bag to hold 96ft of wing, is in the National Air and Space Museum alongside the record-breaking X-15 rocket-powered aircraft.

'When man invented the aero engine he stopped trying to understand how birds fly'



Dr MacReady with a flight model of the replica half scale pterodactyl

Dr MacCready's latest invention will be powered by electricity, from batteries. It is intended to star in On the Wing, a film being made by the museum, which explores flight in all its many forms. But the replica is also intended to be a research tool both for the Texas University paleontologists and for the Californian aeronautical engineers.

He said: "By merging the disciplines of paleontology and aerodynamics, we have learned a great deal about how these giant creatures which ruled the skies 65m years ago, were able to fly. The challenge to replicate natural flight has required innovative advances in aerodynamics, structures and control technology."

The flight model illustrated here is one of several being tested in California before completion of the replica itself. This is known as the QN project, an abbreviated name registered by S. C. Johnson & Son, makers of wax polish and the project's patron.

The QN will use electric servo motors to flap, sweep and twist its wings. Its head and "fingers" — located about midway along the leading edge of the wing — will also be servo-driven, to provide lateral control. QN will have an autopilot to maintain its angle of attack, bank angle and sideslip angle.

Pitch, however, will be controlled by varying the wing sweep, with the wings pivoting about roughly vertical axes in the body of the replica.

Birds make flapping flight look easy, but this form of propulsion has proved difficult to simulate mechanically, Dr MacCready admits. Accurate calculations are troublesome because of the intrinsically unsteady flow fields involving both viscous and potentially unsteady effects.

Flapping flight looks easy but has proved difficult to simulate mechanically

To get both thrust and lift, the lift on the downstroke must be greater than the lift on the upstroke. By observing birds it is possible to see that the wingstroke involves motion fore and aft as well as up and down, big changes in the angle of incidence, and large flapping motions.

For cruising flight, the mode Dr MacCready is mainly interested in simulating, the wing motion may, however, be much simpler. He plans to use a uniform vertical flapping motion pivoting about the root, and assisted by servos which will twist the wings.

The QN will use a spring to balance the inertial flapping loads. The response frequency of the system will be matched to its flapping frequency. The spring will also be pre-loaded to balance the steady-state gliding lift loads.

It calls for three independent motion controls — for flapping, sweeping and twisting. The flapping and sweeping motions operate on both wings symmetrically, while the twisting motion must be capable of operating differentially for roll control.

Power for these systems will come from nickel-cadmium cells of the kind used in electric model aircraft.

A "relatively dumb" autopilot will control QN's motions, says Dr MacCready. "In addition to flying the creature was also capable of standing, walking and running for takeoff. The replica will not attempt any of these feats."

The project team will be content if its fur-coated model, with wings of latex reinforced by carbon fibre and Kevlar, flaps its way down the Mall in Washington DC for just a few minutes next June.

Scrambled eggs go 'user friendly'

EARLY-MORNING travellers on British Midland air flights are benefiting from an easy way to cook scrambled eggs, originally developed to meet the breakfast-time needs of US soldiers.

The Cryovac division of W. R. Grace, the diversified US consumer products and packaging company, developed what it calls its Foodservices programme to make scrambled eggs without a stream of messy saucepans.

The company was called upon to make this giant leap in technology as a result of pleas from US infantrymen. The average GI, it appears, has a hankering for scrambled egg at breakfast.

But in camps throughout the US which provide for these people, chefs recoiled at scrambling masses of eggs early in the morning—and at having to clear up the dirty pans afterwards. The armed forces subsequently called in W. R. Grace to find a way round the problem.

The technique, now being introduced to British catering companies by the US concern's London office, goes under the name "user friendly" scrambled eggs. Large quantities of the food in a ready-scrambled form are transported to the kitchens of places such as airlines and hospitals in plastic bags.

The unpleasant - looking, yellowish mixture, remains in the bag while it is simmered in water at 90 deg C for about half an hour. According to W. R. Grace's scientists, the nutritional value of the egg is as good as, if not better than, the conventional variety beaten fresh in the pan.

In the technique, eggs are first cleaned, then scanned for quality. The shells are broken and the whites and yolks separated. The whites are beaten to introduce air, so ensuring a lighter product when cooked.

Later, the whites and yolks are brought together and blended to a predetermined ratio than can be varied. The mixture is pasteurised and rapidly cooled before being pumped into casings, each holding 6 kg, which are stored or distributed either frozen or chilled.

This basic mixture can be turned into a variety of egg products, not just for the scrambled form of the food. For instance, caterers could use the substance for egg custards, omelettes and quiches.

In Britain, the American company is selling its scrambled-egg mixture to such customers as British Midland through intermediary organisations

Institutions in the mood for merger

TWO of Britain's professional engineering institutions are in the mood for a merger.

During the coming year the 83,000 members of the Institution of Eletrical Engineers and the 13,000 members of the Institution of Electronic and Radio Engineers will be debating a proposal for the bodies to link.

The IERE was started in the mid-1920s at a time when a new breed of "wireless" engineers emerged and the IEE was largely pre-occupied with heavy electrical power work.

Those differences are much less marked now and many feel there is simply no need for two separate bodies.

A joint working party has concluded that the combination could speak with greater authority to the Government, to other organisations and to the general public.

There may be some objections from IERE members over the name for the combined body. The working party recommends it be called The Institution of Electrical Engineers, without modification.

Space hopper

SPACE SCIENTISTS are to conduct biological experiments on a space shuttle flight next June with the aid of a giant Sumatran frog.

The frog, about 30 inches long, will be one contribution by Indonesian scientists on a flight to launch an Indonesian communications satellite. Also on the space vehicle will be the country's first astronaut, Pratiwi Soedarmono, a 33-year-old scientist.

Sumatran frogs are considered a delicacy by Chinese-Indonesians. Experiments with the animal could help space scientists to understand more about the effects of weightlessness on biological mechanisms.

FT COMMERCIAL LAW REPORTS

Area distributorship of newspapers is not 'employment'

GUNNING v MIRROR GROUP NEWSPAPERS
Court of Appeal (Lord Justice Oliver, Lord Justice Balcombe and Sir David Cairns): November 5 1985

THE INDUSTRIAL tribunal has no jurisdiction to hear a complaint of sexual discrimination made by a woman on the ground that she was deliberately refused employment, unless the dominant purpose of the relevant contract was for the personal performance of work and labour; and accordingly, where the dominant purpose is for the efficient distribution of newspapers rather than for the services of a particular person, a woman who is refused a contract cannot complain, though it has been her practice to operate the distributorship personally.

The Court of Appeal so held when allowing an appeal by Mirror Group Newspapers Ltd ("the group") from a majority judgment of the Employment Appeal Tribunal upholding an industrial tribunal's decision that it had jurisdiction to hear a complaint of sex discrimination made by Mrs C. A. Gunning.

Section 6(1) of the Sex Discrimination Act 1975 provides: "It is unlawful for a person, in relation to employment by him . . . to discriminate against a woman . . . (i) by refusing or deliberately omitting to offer her that employment."

Section 82(1): "'Employment' means employment under . . . a contract personally to execute any work or labour."

* * *

LORD JUSTICE OLIVER said that Mrs Gunning was the daughter of a Mr Stark, and was employed by him in his business of distributing Sunday newspapers.

About 30 per cent of his turnover was represented by the distribution of two Sunday papers published by the Mirror Group.

Though referred to as an "agency," the business was not an agency in any legal sense. It was an area distributorship, the "agent" purchasing newspapers from the group, and reselling them to newsagents in the area. It supplied more than 90 shops.

The actual operation of sorting and delivering took place at the British Rail parcels office at Sheffield. Mrs Gunning's evidence was that she personally attended at the station with her father before his retirement to participate in and supervise the process of reception, sorting, packaging and delivery.

In 1982, when her father was 67, he decided to retire. He informed the Mirror Group of his intention, and expressed the hope that it would renew the distributorship in favour of his daughter.

The group decided not to renew the contract, but to divide the supply of newspapers in the area between two other businesses.

On August 3 1983 the industrial tribunal ruled that it had jurisdiction to hear a complaint by Mrs Gunning that the group had unlawfully discriminated against her on the ground of her sex or married status, contrary to section 6(1) of the Sex Discrimination Act 1975.

The Employment Appeal Tribunal dismissed the group's appeal from that ruling *([1984] ICR 706)*.

On the present appeal the sole question was whether the industrial tribunal had jurisdiction to hear the complaint.

Mr Stark was not "employed" by the group in any conventional sense of the word. He was simply an independent contractor with a franchise to purchase and distribute the group's goods. Mrs Gunning's case, however, rested on the extended definition of "employment" in section 82(1) of the Act.

The industrial tribunal found that it was expected that Mrs Gunning should take an active part in the business and that the type of work done by her constituted "employment" for the purposes of section 6(1), in that it was a "contract personally to execute work or labour" within section 82(1).

The majority of the Employment Appeal Tribunal took the same view. The group now appealed.

The point, *inter alia*, was as to the correct meaning of "a contract personally to execute any work or labour." The primary division between the parties was as to the meaning of "any."

Mr Irvine, for the group, contended that section 82(1) had to be read in the light of the fact that it was extending the meaning of "employment" in its ordinary sense of a contract of employment or service, and that the essential condition of such a contract was that the employee engaged to provide his own work or skill in return for remuneration.

"Any," he suggested, meant "any kind," and to qualify as a contract under the extended definition the sole or dominant purpose must be execution of work or labour by the contracting party.

Mr Beloff, for Mrs Gunning, submitted that "employment" merely meant "work." He accepted that "any" meant "of any kind," but submitted that it also embraced "of any extent."

He suggested a two-stage inquiry. First, was there an obligation to do any work or labour at all personally? If so, was that obligation sufficiently substantial to the contract as a whole to enable the tribunal to describe it as "a contract personally to execute work or labour," as opposed to a contract containing a minimal obligation for such execution.

The more natural and logical meaning was that contended for by Mr Irvine.

What was contemplated by the legislature in the extended definition was a contract, the dominant purpose of which was the execution of personal work or labour.

The appeal should be allowed on that ground, for clearly the dominant purpose in the present case was the regular and efficient distribution of newspapers.

There was no material on which the tribunal could properly conclude that Mr Stark's contract obliged him personally to engage in operation of the distributorship agreement, although no doubt the expectation was that he should. There was nothing to justify the supposition that his absence from the scene of operation could have been categorised as a breach of contract.

LORD JUSTICE BALCOMBE, agreeing, said that he did not accept Mr Irvine's submission that "contract personally to execute any work or labour" contemplated only a contract the *sole* purpose of which was personal performance of the work or labour. He did, however, accept the submission that the phrase contemplated a contract the *dominant* purpose of which was personal performance.

The agreement had to be looked at as a whole and, provided there was some obligation by one contracting party personally to execute any work or labour, it then had to be decided whether that was the dominant purpose of the contract.

No reasonable tribunal could have concluded on the evidence as a whole that the dominant purpose of the contract was for personal execution of work or labour. The dominant purpose was for the efficient distribution of the two Sunday newspapers published by the Mirror Group.

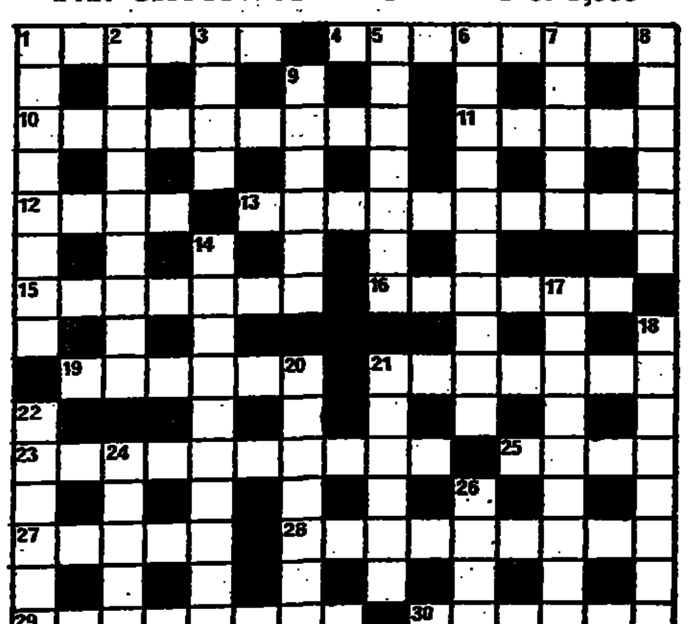
Sir David Cairns agreed with both judgments.

For the Mirror Group: Alexander Irvine QC and Richard Field (Nicholson, Graham and Jones).

For Mrs Gunning: Michael Beloff QC and John Hand (E. A. Saxon, Manchester).

By Rachel Davies
Barrister

F.T. CROSSWORD PUZZLE No. 5,868



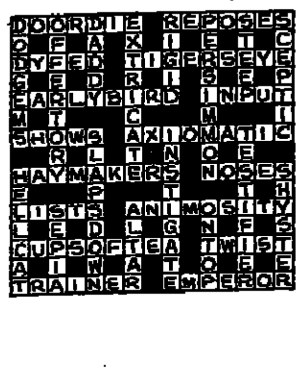
ACROSS

1 Frank arranged credit (6)
4 Find the officer amongst the divers, camouflaged (8)
10 Am to follow new car sent round as a pledge (9)
11 Score: 1,000 to the American, 1 to the leading Canadian (5)
12 Ready to accept one small coin once more (4)
13 Place the marquee around an officer (10)
15 Hastily left one's bed and rushed round (7)
16 Bury doctor needs note before going out (6)
19 Enrage when taking in a trainee fisherman (6)
21 Sent back photographs of Venus for the sailor (7)
23 Unhappy, drinking with a policeman (10)
25 Bill ought to leave one with skin trouble (4)
27 Due round about one after a parting word (5)
28 Slept outside when back and was abducted (9)
29 Anticipating with apprehension the first drive to town (8)
30 Manoeuvre behind me when returning for hire (6)

DOWN

1 Groom first to get into financial trouble (8)
2 Welcome the quality of the radio signals (9)
3 He may be on hand in winter (4)
5 Enter uninvited, getting one turned out (7)
6 How, in French, Ray's rewritten a set of explanatory notes (10)
7 Settle on a cigarette lighter (5)
8 Repeat aloud, during the ceremony, a couple of notes (6)
9 The Welsh back, at home in bed, is in debt (6)
14 Replaced bell quietly before entering the narrow channel, entranced (10)
17 In plum C.I.A. formation pertaining to home affairs (9)
18 Amicable diner somehow got into a flap at the entrance (8)
20 Returning later, left without the man being recaptured (7)
21 One month the boy caught a disease (6)
22 Going round a ring road, Jack's first alongside (6)
24 Join one in an unusual tune (5)
26 Hurt when I dropped out of "Hair" before getting married (4)

Solution to Puzzle No. 5,867



APPOINTMENTS

Regional director for Lloyds Bank

Mr Philip Sadler has been appointed a regional director of the Greater London regional board of LLOYDS BANK. He is principal of Ashridge Management College.

*

Mr Christopher Billson has resigned from R. K. Carvill & Co and has joined BALLANTYNE, McKEAN & SULLIVAN, reinsurance brokers at Lloyd's.

*

THE BERKELEY GROUP has appointed **Mr Brian R. Davies** as financial director. He is currently financial controller. This appointment will enable **Mr Paul Read**, who has been combining the roles of financial and commercial director, to devote his time to the role of commercial director.

*

Mr M. A. Maberly, managing director of Credit Factoring International (NatWest Bank Group), has been elected chairman of THE ASSOCIATION OF BRITISH FACTORS. **Mr T. G. Hutson**, managing director of International Factors (Lloyds & Scottish Group), has been elected vice chairman.

*

Dr Richard Pugh has joined TESCO STORES from Cadbury Schweppes as technical services director.

*

Mr Colin Cansfield, former managing director of Waddington Business Forms and subsequently managing director of Waddington Security Printers, has been appointed as sales director to WATERLOW PETTY BUSINESS FORMS.

*

Mr Nicholas Stanley has joined the board of AIR CALL. He is the eldest son of the chairman and founder of Air Call, **Mr John Stanley**, who died recently.

*

Mr Geoffrey Rampton, formerly financial director at Research Machines, has been appointed financial director of SOLID STATE LOGIC.

*

The ROYAL SOCIETY OF CHEMISTRY has appointed as secretary general **Dr John Stobie Gow**, currently managing director (UK), ICI specialty chemicals. He becomes secretary general designate on January 1 1986, and assumes full responsibility on January 13.

*

FRESHFIELDS has opened an office in Hong Kong. The following partners will be resident: **Mr Mark Freeman**, formerly head of the finance group in London, will be senior partner in Hong Kong; **Mr Hugh Stubbs**, a commercial litigation partner in London, will join the office in January; and **Ms Ruth Markland**, a commercial partner, is transferring from Freshfields' Singapore office.

*

P-E CONSULTING GROUP has made two appointments in its manufacturing division. **Mr David Blore** becomes managing director, manufacturing consulting, Solihull, and **Mr Jim Todd** takes over the new position of managing director, manufacturing consulting, London. Mr Blore was previously sales and marketing director and Mr Todd was managing director, P-E manufacturing division.

*

Mr Roy Kettle, a group managing director of Tarmac, has been elected non-executive chairman of COOPER INDUSTRIES. Mr Kettle, a non-executive director since 1973, succeeds **Mr John Cooper** who resigned as chairman following the disposal of his family's shareholdings. **Mr Morris D. Davies**, managing director of Redman Fisher Engineering, a Cooper Industries subsidiary, has been elected to the board as an executive director.

*

Mr Dale J. Gibson has been appointed vice-president of KITCAT AITKEN AND SAFRAN.

*

Mr Nick Cosh has joined the board of MAI (formerly Mills & Allen International) as group finance director. He has been finance director of Gill & Duffus Group since 1982. **Mr Alan Taylor** has been appointed commercial director of Mills & Allen Money Brokers.

*

GEERS GROSS has appointed **Mr Henry J. Wasiak** to its board. He has been president of Geers Gross Advertising Inc, the group's operating subsidiary in New York, since September.

*

Mr Maurice Vass, managing director, Radio Luxembourg (London) has been appointed chairman of AUDIO INTERNATIONAL RECORDING STUDIOS, a company owned jointly by Radio Luxembourg and Chrysalis Group.

*

Mr David F. Gray has been appointed innkeeper director by the NORWICH BREWERY COMPANY, part of Watney Mann and Truman Brewers. Mr Gray was previously free trade director.

*

Mr Rex Stone, chairman and chief executive of Alida Holdings, has joined the board of the DERBYSHIRE BUILDING SOCIETY.

*

CRITCHLEY has appointed **Mr Richard Skipper** as its technical director. He was formerly with Raychem.

*

As part of an overall strengthening of the board, a number of new appointments have been made by the ARENSON GROUP. **Mr John Sacks**, who has been on the group board since 1970, now also becomes group deputy chairman. **Mr Colin Brown**, who has been on the main board since 1982, now also becomes operations director of Arenson International and **Mr Jeffrey Brown** is to combine the duties of sales and marketing director of that company.

*

CHANDLER HARGREAVES WHITTALL & CO has appointed **Mr Stephen Drake** its chief executive.

*

Mr M. J. Bentley, a group managing director of Schroders and a joint vice chairman of J. Henry Schroder Wagg & Co, will be leaving Schroders and joining ELECTRA INVESTMENT TRUST early in January as joint deputy chairman. Mr Bentley will share chief executive responsibilities with the present deputy chairman and chief executive of Electra, **Mr M. C. Stoddart**, until the next annual meeting on June 18. **Mr B. P. Jenks** will then retire as chairman and be succeeded by Mr Stoddart, who will retain certain executive responsibilities. Mr Bentley will become sole deputy chairman and chief executive of Electra. Mr Jenks will remain on the board of Electra as a non-executive director.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

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CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd
66 Cannon St, London EC4N 6AE Dlg. 01-236 3885

International Growth	97.3	103.6		2.00
Income & Growth	43.2	46.0		3.30
Special Situations	54.4	57.9		1.40
American Growth	26.1	27.8		1.10
Japan Growth	34.5	36.7		—
European Growth	41.9	44.6		3.30
UK Growth	41.8	44.7		—
Pacific Growth	32.0	34.2		1.80
High Income	28.7	30.7		7.40
Practical Income Units	43.3	46.1		3.1
Practical Accum. Units	78.0	83.0		3.1

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	67.9	71.6		3.43
Accum Units	99.8	106.2		3.43
Pearl Inc.	96.0	102.1		4.90
Pearl Unit Tst.	101.4	107.9		3.90
(Accum. Units)	171.4	182.3		3.90

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Growth	203.8	218.7	+1.1	1.48
Income	149.5	160.1	−0.5	5.41
Worldwide Recovery	115.5	124.0	+0.3	2.11
American Growth	54.4	58.4	+0.5	1.08
Intl Emerging Cos.	60.8	65.3	+0.2	0.69
Far East Growth Fd.	52.0	55.8	+0.5	1.00

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 75447

Prolific Far East	114.6	121.9	+1.7	0.21
Prolific Extra Inc	66.9	70.9	+0.1	5.66
Prolific Convert & Gilt	84.6	89.7	+0.4	7.00
Prolific High Inc	141.9	150.5	−0.1	4.90
Prolific Intl	86.7	92.2	+0.4	1.74
Prolific N. Amer	112.7	119.9	+0.8	2.26
Prolific Spec. Sits	158.3	167.9		1.48
Prolific Technology	96.2	102.3	+0.7	0.71

Providence Capital Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Inc	53.5	56.7		—
Japan Acc	53.6	56.8		—
Worldwide Inc	52.1	55.2		2.27
Worldwide Acc	52.7	55.8		2.27
European Tst Inc	60.9	64.5		1.20

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)
99-101 London Rd, Sevenoaks. 0732 450161

Equity Dist.*	232.9	246.4		3.91
Equity Acc.*	276.4	292.4		3.91
Fixed Int. Dist.†	120.1	124.4		10.87
Fixed Int. Acc.†	169.5	175.6		10.87

*Prices on Nov 1. Next dealing Nov 13.
†Prices on Nov 6. Next dealing Dec 4.

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants. SP10 1PG
0264 62188. Dealings to 0264 63432-3

TSB American	91.9	97.8		1.39
Do Accum.	95.7	101.9		1.39
TSB Extra Income	89.1	94.8		5.97
Do. Accum.	102.5	109.1		5.97
TSB General	129.5	137.7		3.18
Do. Accum.	209.8	223.1		3.18
TSB Gilt & Fxd Int.	46.9	48.9		9.09
Do. Accum.	58.9	61.4		9.09
TSB Income	179.5	191.0		4.67
Do. Accum.	270.8	288.1		4.67
TSB Pacific	107.9	114.8		0.62
Do. Accum.	110.7	117.8		0.62
TSB International	235.9	251.0		2.04
Do. Accum.	289.4	307.9		2.04
TSB Natural Resources	42.0	44.7		2.07
Do. Accum.	42.8	45.6		2.07
TSB Sitd. Opps.	49.4	52.6		2.11
Do. Accum.	53.7	57.2		2.11

3i & Target Fund Mgrs Ltd
2 St Mary Axe, London EC3A 8BP 01-928 3356

Small Co's Fund	65.7	69.8		0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	64.6	69.1		0.60
Australia	30.2	32.3		0.10
Commodity	78.5	84.4		0.10
Energy	37.3	39.9		2.31
Equity	109.3	116.6		3.37
European Spec. Sits.	64.0	68.4		1.15
Extra Income	94.9	101.5		7.07
Financial	221.5	236.3		2.31
Gilt Capital	224.7	235.5		3.25
Gilt Income	101.4	106.2		8.40
Gold Income	49.0	52.4		1.84

Allied Dunbar Assurance PLC

Ambassador Life Ass. Co. Ltd.

Barclays Life Assur. Co. Ltd.

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

Money Market Trust Funds

	Gross	Net	Cr Equiv CAR	Int Cr
The Charities Deposit Fund				
77 London Wall London EC2N 1DB			01 588 1815	
Deposit	11.15			3-Mth
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST			01 236 0952	
Call Fund	11.51	8.62	12.01	Month
7-day Fund	11.58	8.66	12.10	Month
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE			01 236 1425	
Call Fund	11.01	8.25	12.11	6-Mth
7-day Fund	11.25	8.26	12.19	6-Mth
Dollar	7.11			6-Mth

Money Market Bank Accounts

	Gross	Net	Cr Equiv CAR	Int Cr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh EH2 4DF			031 225 8484	
Full Service Chq Acc	11.25	8.00	11.75	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY			01 638 6070	
Treasury Acc	11.00	8.22	12.11	Qtr
Wm Int Chq	11.000	8.22	12.18	Mth
Allied Arab Bank Ltd				
97-101 Cannon St, London, EC4N 5AD			01 283 9111	
HIBCA	11.50	8.60	12.70	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH			01 628 8060	
Money Mkt Cheque Acc	11.00	8.25	12.18	Mth
Barclays Prime Account				
PO Box 125, Northampton			0604 252891	
High Int Cheque	11.0	8.25	12.32	Qtr
Britannia Investment Services Ltd.				
74-78 Finsbury Pavement, EC2A 1JD			01-588 2777	
Cater Allen	11.00	8.22	12.20	Mth
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH.			01 248 3999	
Sterling	11.13	8.35	12.34	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.25	4.25	4.33	Mth
Swiss francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings				
St Martins Hse, Hammersmith Grove			01 748 9251	
Money Market Plus		9.57	14.28	Mth
Co-operative Bank Cheque & Save				
78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qr
£2,500 +	12.06	9.02	13.33	Qr
Dartington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE.			0803 862271	
Money Mkt Acc	11.00	8.25	12.11	Qtr
Edward Manson & Co Ltd				
9 Henrietta Place W1M 9AG			01-631 3313	
Cheque Deposit Acc	11.50	8.59	12.76	Mth
Henderson/Bank of Scotland				
38 Threadneedle St EC2P 2EH			01-628 8060	
Money Mkt. Cheque Acc.	11.00	8.22	12.18	Mth
Lloyds Bank PLC				
71 Lombard St, London, EC3P 3BS.			01-626 1500	
HighIntCheque Account.	11.25	8.25	12.16	Qtr
Lombard North Central PLC				
17 Bruton St, W1A 3DH.			01-409 3434	
14-Day Notice	11.500	8.596	12.280	—
M & G/Kleinwort Benson				
91-99 New London Rd, Chelmsford.			0245 51651	
HICA	11.125	8.31	12.35	Daily
Midland Bank plc				
PO Box 2, Sheffield.			0742 20999 Ext 8655	
High Int Chq Acc	10.78	8.00	11.93	Qtr
£10,000 +	11.10	8.30	12.39	Qtr
Oppenheimer Money Mgmnt Ltd				
66, Cannon St, EC4N 6AE.			01 236 1425	
[illegible]				
[illegible]				
29-33 Princess Victoria St, Bristol			0272 732241	
Demand Acc	11.27	8.45	12.45	Qtr
Money Acc.	11.03	8.25	12.15	Qtr
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth			0705 827733	
Special Acc	11.00	8.25	12.20	Mth
Over £10,000	11.25	8.41	12.49	Mth
Western Trust & Savings Limited				
The Moneycentre, Plymouth PL1 1SE			0752 24141	
High Int Chq Acc	11.63	8.69	12.83	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Cr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. * Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase, not ex dividend.

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Midland Bk	35
BOC Grp	27	NEI	10
BSR	8	Nat West Bk	55
BTR	33	P & O Dfd	35
Babcock	13	Plessey	14
Barclays	33	Polly Peck	21
Beecham	30	Racal Elect	15
Blue Circle	50	RHM	12
Boots	18	Rank Org Ord	35
Bowaters	30	Reed Intnl	60
Brit Aerospace	32	Sears	11
Brit. Telecom	17	TI	35
Brown (J.)	3½	Tesco	24
Burton Ord	45	Thorn EMI	34
Cadburys	13	Trust Houses	12
Charter Cons	18	Turner Newall	9½
Comm Union	23	Unilever	90
Courtaulds	13	Vickers	35
Distillers	36	**Property**	
FNFC	12	Brit Land	14
Gen Accident	55	Land Secs	26
Gen Electric	14	MEPC	26
Glaxo	100	Peachey	24
Grand Met	30	Samuel Props	15
GUS 'A'	70	**Oils**	
Guardian	60	Brit. Oil & Min	3½
GKN	20	Brit Petroleum	45
Hanson Tst.	18	Burmah Oil	27
Hawker Sidd	36	Charterhall	4
ICI	42	Premier	5
"Imps"	16	Shell	55
Jaguar	27	Tricentrol	18
Ladbroke	27	Ultramar	18
Legal & Gen	60	**Mines**	
Lex Service	24	Cons Gold	48
Lloyds Bank	35	Lonrho	12
Lucas Inds	38	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

Brazil refuses to join tin pact

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL, THE fastest growing tin producer in the world, is continuing to resist strong pressures to join the International Tin Council, despite accusations that its absence contributed to last month's collapse of the price agreement between producers and consumers.

Over the past few days industry and government officials have said there will be no change in the Brazilian position. Their argument is that Brazil was not responsible for the current crisis enveloping the ITC and that membership of this body would not serve the interests of the recently established Brazilian tin industry.

Last year Brazil produced 18,877 tonnes of tin concentrate, more than double the figure of two years earlier. Forecasts for 1985 put likely output at 23,000 tonnes, worth an estimated $276m until the London Metal Exchange halted trading in tin two weeks ago.

This bullish outlook by the aggressive youngster of the world tin industry is not, however, shared by jittery Brazilian shareholders in Paranapanema, the local industry's leading company. Over the past two weeks the value of its shares on the Sao Paulo stock exchange has halved, despite the company's glowing third quarter results.

The "fashion share" for individual investors, Paranapanema had, until the recent downturn, led the Sao Paulo Stock Exchange to record heights this year.

Meanwhile, market rumours of secret high level talks between Malaysia and Brazilian Government officials were yesterday firmly denied by the Foreign Ministry. Brazil is clearly very concerned by the tin prices, but officials point out that this is not the only commodity pact in trouble.

Three major producers control nearly 90 per cent of Brazilian tin production. Apart from Paranapanema, which is responsible for nearly two-thirds, these are a consortium og Brascan, the Canadian company, BP Minerals and another smaller Brazilian concern, Brumadinho.

What distinguishes Brazil from the long established tin producers such as Malaysia is the remoteness of its deposits from major population centres. Established finds are concentrated in two main regions: Rondonia state, near the Bolivian border, and a virtually inaccessible wilderness north of Manaos, in the heart of the Amazon, where Paranapanema claims to have the world's largest mine.

Agriculture Bill aims to save £16.5m

By John Cherrington

THE UK Minister of Agriculture, Mr Michael Jopling, hopes to save £16.5m in 1987-88 by introducing charges for services hitherto provided free to farmers by the advisory services and other staff. Details of the plan are included in the Agriculture Bill laid before Parliament yesterday.

It envisages that technical and other farm advice will be chargable but advice on conservation, rural diversification and animal welfare will be free as will the administration of the statutory rules on the control of tuberculosis and brucellosis and the enforcement of horticultural standards.

Some statutory duties at present performed by the Minister's officers free of charge will be paid for, including licensing under the Milk and Dairy Order, pesticide approval, artificial insemination and the pig health scheme.

This Bill is the result of long consultations between the industry and the Minister and many aspects of it, particularly charging for statutory services at present provided free, are likely to arouse considerable opposition among farming interests.

But the absence of charging on such things as conservation points to the Government's aim of securing alternative uses of land other than for food production.

Commenting on the Bill last night, the National Farmers' Union said it was designed to enable the Government to reduce its long-standing sponsorship of agricultural efficiency and to enhance its role as guardian of the landscape, wild life and historical features of the countryside.

"It is bound to provoke mixed responses from farming which, until quite recently, has been regarded first and foremost as a food producing industry and is a vital component of the national economy," the union said.

On plans to charge for various functions performed by the Agricultural Development and Advisory Service (ADAS), the NFU said it had told the Government that while the farming industry accepted the Government's right to charge for ADAS services which are actively sought by producers, it was totally opposed to paying for controls which were imposed on the industry in the general public interest.

● The European Commission has announced grants valued at Ecu 103.5m (£61m) for the restructuring of Community fishing fleets and the development of aquaculture (fish farming) projects.

Officials have accepted 378 of the 699 projects submitted by member states, 33 for aquaculture and the remainder divided almost equally between boat building and the modernisation of existing shipping fleets.

The funds are allocated under the guidance section of the Common Agricultural Policy budget.

Africa's acute famine 'over'

BY JAMES BUXTON IN ROME

THE ACUTE famine in Africa is now over, Mr Edouard Saouma, director general of the UN Food and Agriculture Organisation (FAO), declared yesterday. Many countries in the Sahel area would reap record harvests, 50 per cent above the drought-ravaged 1984 levels, he said. Sudan and Ethiopia were still harvesting, he added.

For 16 of the 21 drought-affected countries he said, "the emergency can be considered over." Ethiopia, Sudan, Angola, Botswana and Mozambique will still require exceptional food aid in 1985-86 but Kenya, Malawi and Zimbabwe have an exportable surplus of coarse grain estimated at 1.5m tonnes.

"But it is important to keep perspectives. The rains have recovered; Africa has not," said Mr Saouma. He repeated his appeal for a "Marshall Plan" for Africa and a special session of the UN General Assembly.

The FAO begins its biennial conference at the weekend with a number of industrial countries still harbouring reservations about the Rome-based agency's new budget.

The organisation is proposing an increase in spending of 1.14 per cent in real terms for the 1986-87 two-year period. But several countries, including the US, Japan, Switzerland, Britain and a number of other EEC members, believe that FAO spending should be frozen.

Yesterday Mr Saouma said he was cutting FAO's administrative and support costs in order to permit a 3.8 per cent rise in spending on technical and economic programmes.

Mr Edward Saouma, FAO's director general

He also said that in order to try to reach what he called "consensus" on the budget level he had made "additionat adjustments" since the draft budget was first proposed. This was a reference to a cut from 1.4 per cent to 1.14 per cent in the budget's real increase in response to pressure from the industrial countries who provide the bulk of the FAO's funds.

"Nevertheless," he said, "even the minimal increase may go against the grain of those who believe in zero-growth budgets. But fundamentally I am convinced that a real programme increase is necessary given the demands of FAO's work. I would rather state that frankly that construct an artificial reduction by playing with numbers."

FAO's budget for 1986-87 will amount to $448.4m, as calculated on the basis of the November 1983 exchange rate of the dollar to the Italian lira. This rate was used in drafting the 1986-87 budget to permit easy comparison with the previous budget.

It includes a 1.14 per cent rise in real spending.

The dissenting industrial countries argue that FAO should aim to provide its services without a real increase in spending, rather as a matter of good housekeeping, and that there are still areas where FAO could cut its costs.

But Mr Saouma pointed out yesterday that most donor countries "will probably contribute less to FAO in the next biennium" than in the 1984-85 period. This is because the budget will actually be based on the dollar-lira rate prevailing during the conference. The rate is currently about L1,760 to the dollar. Another factor, he said, was the fact that FAO's miscellaneous income, consisting mainly of bank interest, has risen.

With all FAO's 150-plus members having an equal vote, the dissenting countries cannot veto the budget. But they can either vote against it or abstain from approving it. In November 1981 five countries — the US, UK, West Germany, Switzerland and Japan — voted against, and several others abstained, but in 1983 the budget was approved without dissent.

Ethanol scheme boosts US maize earnings

BY NANCY DUNNE IN WASHINGTON

THE ADDITIONAL demand for US maize created by ethanol production has raised the value of each bushel by almost 10 cents, according to a new study released by the Indiana Corn Growers Association.

The study, produced by Purdue University's Krannert School of Management, reported "positive results" for both farmers and the Federal Government out of efforts to expand domestic fuel ethanol production.

Over 220m bushels of maize currently refined for fuel ethanol have contributed 9.9 cents to the value of each bushel of 1985 maize, said the study. It has raised the value of the entire crop by $849m.

Even after subtracting the cost of Government incentives for the ethanol industry there is a net savings to the Federal Government of over $227m in agricultural price supports, according to the study.

Mr Dain Friend, president of the National Corn Growers Association, estimated that since 1978, when gasoline-ethanol blending was introduced in the US, state and national corn growers associations have invested $750,000 of their own money to develop the market.

In another recent study, The Futures Group, a research and consulting firm in international economics, produced a 20-year scenario on international agricultural trends

For the remainder of the 1980s, US agricultural supply will outstrip demand — growth in the domestic market will be slow — and financial stress will intensify, the report said.

World market demand will grow only very slowly, perhaps 2 per cent annually. The US will suffer continuing loss of market share at the hands of its competitors until at least 1988.

However, in the 1990s, the larger, streamlined American farms which survive this decade will be able to boost high volume commodity sales at very competitive prices. The US will still face competition, increasingly from Brazil, Argentina and Paraguay. But the EEC will have reduced its farm support programmes by 1995

Thus, the first half of the 1990s will see a marked improvement in the international economy with growth in demand for feed and foodgrains and oilseeds averaging just under 3 per cent and accelerating in 1995.

Rubber price near 'must buy' level

THE INTERNATIONAL Natural Rubber Organisation (Inro) five-day moving average price dropped to 161.26 Malaysian/Singapore cents a kilo on Wednesday, the lowest level since calculation of the average began, reports Reuter from Kuala Lumpur.

The previous lowest was 167.38 cents on July 10.

The Inro buffer stock manager must intervene in the market to stabilise prices if the average drops below 161 cents a kilo.

The average is calculated on rubber prices over the previous five-days in Kuala Lumpur, Singapore, London and New York.

Local traders said the average had been fluctuating between the must-buy level and the may-buy level of 171 cents since mid-July.

The fluctuation is due to the absence of Inro intervention, poor overseas offtake and lack of encouraging market leads, they added.

The average is unlikely to drop to the must-buy level, however, in view of improving market sentiment on news of agreement among Inro members this week to finance a contingency buffer stock of 150,000 tonnes, they said.

Denmark's 'filthy' farmers fight back

Hilary Barnes explains why the agriculture sector feels it has become the whipping boy of the environmentalists

DANISH FARMERS are feeling slightly uncomfortable this autumn. True, the pig farmers, whose products account for about 11 per cent of Denmark's export earnings, have had one of their best years ever, but they feel that agriculture has suddenly become the whipping boy in an environmentalist campaign.

The starting gun for the present round in a long running debate was fired by Ms Ritt Bjerregaard, a former Social Democratic cabinet minister who has just taken on the job as the largest Opposition party's spokesman on environmental affairs.

"Agriculture is, without reservation, the country's filthiest industry," she wrote in a highly provocative article in the newspaper Jyllands Posten, adding that the farmers spread the filth around in the interests of "quick, short term profits."

Ms Bjerregaard, a leading figure in the party and sometimes tipped as a future Prime Minister, cited medicine residues in pig meat, smoke and soot from straw burning (to be banned in Denmark from 1990) and nitrate pollution of the water table, which she said was the result of excessive use of artificial fertilisers.

She proposed doubling the price of fertilisers by imposing a tax of Kr6 (44p) a kilo as the best way to controlling the pollution problem.

This proposal shows "she is an illiterate in agricultural matters," retorted Mr Joergen Laursen Vig, chairman of the Pig Producers Association.

The nitrate problem, farmers pointed out was caused by the spread of liquid manures, not from artificial fertilisers. They said if doubling the price of fertilisers halved their use it would cut production by about 25 per cent.

That, however, is the price which Ms Bjerregaard said she was prepared to pay, even if it meant a loss of jobs. In a television interview, she also implied that if her proposal were to make Danish agriculture uncompetitive, it could always be shielded by protectionist measures.

A simultaneous dispute over battery hens indicates that the threat of protection is not entirely polemical.

A majority in the Folketing (the Danish Parliament) has established minimum space regulations, 70 sq cm per hen, which will make Danish egg production unable to compete with production in other European countries.

The Social Democratic opposition parties and their parliamentary allies, who have carried this proposal in the teeth of opposition from the minority government, plan to introduce a ban on the import of eggs from other EEC countries, which will almost certainly bring Denmark before the European Court.

The issue of medical residue in pig meat has been an emotive media issue for over a decade. Sampling of 10,000 pigs (out of 15m slaughtered) last year showed residues in seven carcases (but unhealthy looking animals were excluded from the sample).

The pig meat industry is anxious to prevent Danish pig meat gaining a reputation in export markets for containing residues. The pig producers are therefore introducing a Kr 10,000 (£740) fine for farmers found to have delivered pigs to the slaughter houses containing residues.

Gross income in Danish agriculture in the year ended June 30 increased from Kr 20.3bn to Kr 29.6bn (£2.18bn), according to the Bureau of Statistics. This was mainly due to a reduction in feed costs, reflecting a record harvest in 1984, which has given pig producers one of their best ever years.

There was a dramatic increase in net income on pig producing farms in 1984, when it rose from Kr 34,500 in 1983 to Kr 170,100, according to the annual farm economics survey from the Associated Farmers Unions.

The good earnings level is reflected in an increase in the totay pig herd in October this year to 9.5m from 9.1m last year and in the number of sows in pig from 626,000 to 643,000, according to the October pig census.

LONDON MARKETS

DOMESTIC WHEAT futures moved up sharply yesterday as keen demand from merchants uncovered a scarcity of offers. The January position ended the day £3.20 up at £113.45 a tonne. World sugar prices continued weak reflecting the tone in the New York market and currency factors. The March position on the London futures market added $6.50 to Wednesday's $2.40 decline at $155 a tonne. Cocoa prices rallied following the recent decline to 15-month lows. March futures closed £20 higher at £1,679.50 a tonne as earlier short-sellers covered their positions. Sterling's weaker tone gave encouragement to the rise as did some underlying physical enquiry. The London Metal Exchange continued quiet as the International Tin Council finished another inconclusive crisis meeting. Copper prices fell back while zinc aluminium and nickel all registered modest gains.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	660-1	+2.5	655/655
3 months	685-6	+2.75	694/676

Official closing (am): cash 653-.5 (660-5); three months 678.5-9 (684.5-5); settlement 653.5 (660.5). Final kerb close: 682-3. Turnover: 24,100 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or —	High/low
Cash	949-50	—6.0	945.5/945
3 months	979 .8	—3.0	983/975

Official closing (am): cash 945.5-6 (949.50); three months 975.5-6 (975-6): settlement 946 (950). Final kerb close: 982.3.

Cathodes			
Cash	928-30	—1.5	920/920
3 months	960-1	—1.5	960/958

Official closing (am): cash 920-1 (926-7): three months 952-5 (956-8); settlement 921 (927). Turnover 29,925 tonnes. US producer prices 65.50-70.00 cents per lb.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	274-5	—0.75	273/273
3 months	277.5-8.5	+0.75	278/276

Official closing (am): cash 273-.5 (274.5-5): three months 277.25-.75 (276-7): settlement 273.5 (275). Final kerb close: 277.5-8. Turnover: 12,750 tonnes. US spot 18.75-20.00 cents per lb.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	2800-10	+10.0	—
3 months	2860-70	+20.0	2880/2840

Official closing (am): cash 2,780-90 (2,790-5): three months 2,840-5 (2,845-6); settlement 2,790 (2,795). Final kerb close: 2,865-70. Turnover 870 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	407-8	+3.5	411/407
3 months	421-2	+8.0	426/408

Official closing (am): cash (407-8); three months 413-.5 (416-7); settlement 401 (408). Final kerb close: 423.4. Turnover: 13,425 tonnes. US prime western: 33.50-35.75 cents per lb.

GOLD

Gold fell $2 an ounce from Wednesday's close in the London bullion market yesterday to finish at $322½-323. The metal opened at $324¼-324¾ which proved to be the day's high and slipped to finish at the day's low. Selling developed during the afternoon, coinciding with a firmer dollar.

GOLD BULLION (fine ounce) Nov. 7

Close	$322½-323	(£226¾-227¼)
Opening	$324¼-324¾	(£226-226½)
M'n'g fix	$323.60	(£225.458)
Aft'n'n fix	$323.00	(£226.476)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$324¾-325¼	(£228½-228¾)
½ Krug.	$171-171½	(£120¼-120½)
¼ Krug.	$87½-88	(£61½-62)
1/10 Krug.	$35¾-36¼	(£25¼-25½)
Mapleleaf	$332½-335	(£233¾-234¼)
Angel	$332-334	(£233½-234¾)
1/10 Angel	$32-37	(£22½-26)
New Sov.	$78½-79	(£55¼-55½)
½New Sov	$46¼-46¾	(£32½-33)
Old Sov.	$79-80½	(£55½-56½)
$20 Eagle	$430-470	(£302½-330½)
Noble Plat	$334¾-338¾	(£235½-238¼)

SILVER

Silver was fixed 0.30p an ounce lower for spot delivery in the London bullion market yesterday at 422.75p. US cent equivalents of the fixing levels were: spot 606c, down 1.5c; three-month 617.2c, down 2c; six-month 628.7c, down 2.25c; and 12-month 653.7c, down 2.75c. The metal opened at 423-426p (607-610c) and closed at 425-428p (604-607c).

SILVER per troy	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	422.75p	—0.30	423.50p	+1.0
3 months	434.05p	—0.70	436.25p	+0.7
6 months	445.60p	—0.75	—	—
12 months	468.60p	—0.88	—	—

LME—Turnover: 39 (14) lots of 10,000 oz.

Cash high 425.4, low 421.5; three months high 434.5, low 437. Final kerb high 438, low 437.

RUBBER

PHYSICALS — The London market opened steadier, very little interest throughout the day and closed quiet, reports Lewis and Peat. Closing prices (buyers): spot 56.00p (same). December 56.00p (54.25p); January 55.50p (54.75p). The Kuala Lumpur fob price for RSS No. 1 was 181.0 (180.5) cents a kg and for SMR 20 was 161.5 (160.5).

MEAT

Month	Yesterday's close	Previous close	Business done
	p. per kilo (deadweight)		
Nov.	119.00	117.50	120.0-119.0
Feb.	100.20	99.50	100.2-100.0
April	101.70	101.20	101.7-101.5
June	99.30	99.10	—
Aug.	98.60	98.00	98.1
Oct.	104.30	103.80	103.4

MEAT COMMISSION — Average fatstock prices at representative markets: GB—Cattle 94.57p per kg lw (—0.22), GB—Sheep 147.35p per kg est dcw (—0.86). GB—Pigs 84.01p per kg lw (—0.02).

Sales: 70 (25) lots of 50 carcases, 3,250 kg.

INDICES

FINANCIAL TIMES

Nov. 7	Nov. 6	M'th ago	Year ago
—*	—*	250.46	295.97

(Base: July 1 1952=100)

REUTERS

Nov. 7	Nov. 6	M'th ago	Year ago
1736.7	1740.8	1705.4	1880.4

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Nov. 6	Nov. 5	Month ago	Year ago
Spot	119.60	119.65	115.74	126.25
Fut.	121.02	121.30	117.08	130.13

(Base: December 31 1931 = 100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Nov. 7 1985	+ or —	Month ago
METALS			
Aluminium	£1100		£1100
Free Mkt.	$990/1010	—10	$1040/60
Copper			
Cash h Grade	£949.5	—6.0	£976
3 mths	£979.25	—3.0	£998.25
Gold Troy oz	$322.75	—2.0	$326
Lead Cash	£274.5	—0.75	£280
3 mths	£278.0	+0.75	£284.12
Nickel			
Free Mkt.	181/281c	—1.0	198/218c
Palladium oz	$101.00	—0.25	$101.35
Platinum oz	$326.25	+0.25	$322.00
Quicksilver†	$265/275		$270/285
Silver troy oz	422.75p	—0.30	440.45p
3 months	434.05p	—0.70	452.20p
Tin cash	‡		£8797.5
3 months	‡		£8706.5
Tungsten	$70.28		$66.75
Wolfram 22.01b	$60/65	—2.5	$64/68
Zinc	£407.5	+3.5	£460
3 months	£421.5	+8.0	£467.25
Producers	$860/870		$780
OILS			
Coconut (Phil)	$415x	—5	$450
Palm Malayan	$357.5u		$375
SEEDS			
Copra Phil	$260w	—5	$285
Soyabean (U.S.)	$219.8u	—1.1	$211.75
GRAINS			
Barley Fut. Jan.	£110.90	+0.30	£109.45
Maize	£134.0v		£137.00
Wheat Fut. Jan.	£110.85	+0.60	£107.90
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Mar.	£1679.5	+20.0	£1767.5
Coffee Ft. Jan.	£1906.5	+2.5	£1641.5
Cotton A Index	48.00c		48.80c
Gas Oil Dec.	$264.00	+3.75	$244.25
Rubber (kilo)	56.00p		59.00p
Sugar (raw)	$144.5w	—3.0	$133
Wooltops 64s	398p kilo	—8.	422pkilo

‡ Unquoted. § Dec-Jan. w Nov-Dec. v Nov. u Dec. † Per 75 lb flask. c Cents per pound. x Jan.

COCOA

Although due unchanged futures rallied in active trading and closing levels were near the highs of the day. Once again some limited consumer offtake was seen at the lower end of the trading range, however, producers remained withdrawn, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
Dec.	1631-1635	+25.5	1651-1610
March	1679-1680	+20.0	1685-1654
May	1706-1709	+19.0	1711-1685
July	1734-1736	+23.0	1738-1704
Sept.	1754-1762	+18.0	1759-1733
Nov.	1757-1765	+15.0	1765-1755
Dec.	1775-1787	+14.5	1779-1765

Sales: 3,605 (10,830) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for November 7: 101.18 (101.18); five-day average for November 8: 102.54 (102.89).

COFFEE

A late decline in NY influenced early losses, reports Drexel Burnham Lambert. However, good Commission House buying lifted prices and following a decline in sterling gains established in forward contracts during a steady close.

COFFEE	Yesterday's Close	+ or —	Business Done
Nov.	1870-1875	+1.5	1870-1855
Jan.	1905-1908	+2.5	1918-1865
March	1896-1900	+17.0	1910-1845
May	1901-1902	+29.0	1900-1855
July	1906-1910	+37.5	1918-1865
Sept.	1905-1918	+20.0	1885-1880
Nov.	1895-1915	+6.5	1885

Sales: 4,599 (7,598) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound): for November 6: Comp. daily 1979 139.71 (140.20): 15-day average 134.02 (132.91).

GRAINS

The market remained very steady on lack of original offers and good nearby demand. New contract highs were quickly established in all positions as short covering entered the market and the rally continued until the close, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Nov.	108.10	+0.35	107.95	+0.30
Jan	110.85	+0.80	110.90	+0.30
Mar.	113.45	+0.55	113.55	+0.40
May	116.30	+0.55	115.65	+0.50
July	118.75	+0.45	—	
Sept.	97.30	—	97.90	+0.15

Business done—Wheat: Nov 108.10-7.90, Jan 110.85-0.35, March 113.50-3.00, May 116.35-5.80, July 118.70-8.65, Sept 97.25 only. Sales: 452 lots of 100 tonnes. Barley: Nov 108.10-7.65, Jan 111.00-0.60, March 113.60-3.25, May 115.55-5.25, Sept untraded. Sales: 158 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring No 1 15 per cent Nov 134.60, Dec 134.75, Jan 138, Feb 140.60 transhipment east coast. US No 2 soft red winter Nov 115.60, Dec 117, Jan 118.50, Feb 120. EC French Nov 126. English feed fob Dec 113, Jan/Mar 114, April/June 119 sellers, east coast. Maize: US No 3 yellow/French transhipment east coast Nov 134 seller. Barley: English feed fob Nov 111.75, Peterhead Nov 112, English Dec 113.50, east coast sellers. Rest unquoted.

HGCA—Herewith today's locational ex-farm spot sprices: Feed Wheat S. East 104.00, N. East 107.00 Change on last week—Feed Barley S. East 107.80, S. West 107.40, W. Mids 105.80, N. East 104.70. The UK monetary co-efficient for the week beginning Monday November 11 will remain unchanged.

FREIGHT FUTURES

In reaction to Wednesday's drop, freight futures recovered slightly today, but predominantly on short covering interest. However, the market remained within a narrow range for both sessions, and the physical market had little information to offer, reports Clarkson Wolff. The Baltic Freight Index was 911, down 3.5 points.

	Close	High/Low	Prev.
Jan.	867.5/865	890/866	887/885
April	948/945	947/946	945/940
July	839/830	840/840	850/840
Oct.	930/920	928/923	930/925
Jan.	976/925	—	970/935
April	1060/1000	—	1050/1020
July	950/890	920/920	950/920
Oct.	1060/950	—	1090/950

Turnover: 137 (162).

OIL

Refiner demand firmed both Middle East and North Sea prices. Nymex opened 5c up for December and climbed a further 12c by 1.30 pm EST. Within the petroleum products market prompt gasoil priced firmed on short covering demand. High sulphur fuel prices rose quickly through the day in response to heavy demand from refiners and power utilities in the UK and Benelux. Naphtha firmed on some end user European demand and considerable US interest—Petroleum Argus.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Nov.		
Arab Light	27.75-27.85	+0.05
Arab Heavy	25.55-25.65	—
Dubai	26.75-26.85*	—
Brent Blend	29.10-29.20	+0.15
W.T.I. (1pm est)	30.40-30.45*	+0.25
Forcados (Nigeria)	29.28-29.38	+0.05
Urals (cif NWE)	27.85-28.00	+0.05
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	273-276	—
Gas Oil	268-270	+5
Heavy fuel oil	144-146	+6
Naphtha	248-249	+2

* December Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
Nov.	267.00	+4.75	267.00-64.75
Dec	264.00	+3.75	264.00-61.75
Jan.	261.50	+4.00	262.00-59.25
Feb.	257.50	+4.00	257.50-55.00
Mar.	248.75	+4.25	248.75-46.50
Apr	243.00	+5.00	243.00-41.00
May	235.00	+5.00	236.00-35.00

Turnover: 2,299 (2,265) lots of 100 tonnes.

CRUDE OIL FUTURES—(Brent blend index $ a barrel) (buyer/seller, change, business): Dec 28.89-28.90, +0.38, 28.90-28.60; Jan 28.08-28.10, +0.42, 28.06-27.75; Feb 27.46-27.47, +0.37, 27.47-27.35; March 26.50-27.10, untraded; April 25.00-26.90, untraded; May 26.60-27.00, untraded. Turnover: 154 lots of 1,000 barrels.

POTATOES

Nervous long-liquidation ahead of the November contract led to fairly heavy losses on the first position in thin trading conditions to close within 10p of lows. Distant positions opened firmer but profit-taking following this week's rises of some £3 together with weaker sentiment on November caused a gradual drift lower throughout PM to finish also at or near lows, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne.		
Nov.	65.20	68.90	67.50-65.50
Feb.	69.90	70.50	71.00-70.00
Apr.	78.30	78.90	79.60-78.30
May	84.20	84.50	85.10-84.00

Sales: 314 (336) lots of 40 tonnes.

US MARKETS

PRECIOUS METAL markets came under pressure in response to the adjournment of the ITC meeting without any clear-cut proposals aimed at resolving the tin crisis, reports Heinold Commodities. Additional selling was linked to dollar strength. Copper came under aggressive liquidation pressure on the lack of progress at the ITC meeting which had discouraged fresh cash activity. Aluminium steadied reflecting the lack of speculative participation. The sugar market came under pressure on the drying up of cash interest along with technically based selling. Scattered manufacturer buying supported cocoa values. Coffee firmed as roaster interest emerged and touched off shortcovering. The cotton market remained steady awaiting fresh news. Petroleum markets attracted technical buying and attempted to break resistance levels. Maize benefited from slow country movement and an overnight tender by Brazil while continued talk of lowering the loan rate and weakness in foreign currencies posed resistance in soyabeans.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Nov	41.75	—	—	41.65
Dec	42.05	42.35	41.90	42.05
Jan	42.45	—	—	42.45
March	43.20	43.45	43.00	43.15
May	43.90	—	—	43.85
July	44.60	—	—	44.55
Sept	45.30	—	—	45.25
Dec	46.35	—	—	46.30
Jan	46.70	—	—	46.65
March	47.40	—	—	47.35

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Dec	2052	2055	2034	2039
March	2148	2152	2130	2133
May	2205	2210	2191	2191
July	2232	2233	2229	2225
Sept	2260	2262	2256	2259
Dec	2272	—	—	2289
March	2285	—	—	2279

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Dec	159.10	159.87	155.10	156.35
March	159.26	160.50	156.60	158.00
May	160.60	161.50	157.50	158.96
July	162.40	162.40	158.50	159.88
Sept	163.00	163.00	159.50	160.60
Dec	163.00	163.00	160.00	161.38
March	161.00	—	—	162.50

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Nov	60.00	—	—	61.05
Dec	60.30	61.05	60.30	61.40
Jan	60.60	—	—	61.70
March	61.25	62.00	61.20	62.30
May	61.65	62.30	61.70	62.65
July	62.05	62.70	62.05	63.00
Sept	62.40	62.70	62.40	63.40
Dec	63.10	63.75	63.25	64.05
Jan	63.30	—	—	64.25
March	63.75	—	—	64.65

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	61.25	61.37	60.97	61.12
March	62.00	62.10	61.76	62.00
May	62.40	62.45	62.25	62.45
July	60.84	60.84	60.50	60.67
Oct	53.20	—	—	53.10
Dec	51.65	51.77	51.50	51.78
March	52.30	52.30	52.30	52.25

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrel

	Close	High	Low	Prev
Dec	30.47	30.54	30.34	30.34
Jan	29.49	29.50	29.33	29.28
Feb	28.73	28.73	28.56	28.49
March	28.05	28.10	27.90	27.84
April	27.53	27.60	27.40	27.34
May	27.17	27.20	27.08	26.92
June	26.80	26.87	26.65	26.52
July	26.50	26.53	26.30	26.22
August	26.25	26.25	26.15	25.97
Sept	26.05	26.15	26.00	25.83

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	322.7	322.8	322.7	323.8
Dec	322.8	325.2	322.1	325.5
Jan	327.0	—	—	—
Feb	326.5	329.0	326.2	329.6
April	330.0	333.0	330.0	333.4
June	335.0	336.5	335.0	337.4
August	338.2	340.0	338.0	341.6
Dec	348.3	349.3	347.5	350.8
Feb	356.2	—	—	355.7
April	360.2	—	—	360.7
June	365.0	365.0	365.0	366.2
August	371.5	—	—	372.0

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	323.4	—	—	324.2
Jan	327.2	330.9	325.5	328.8
April	329.0	332.0	327.5	330.7
July	332.0	332.5	331.0	333.9
Oct	335.5	338.5	335.0	337.4

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Nov	113.75	113.95	113.50	112.75
Jan	114.40	114.40	113.75	114.50
March	114.40	114.70	113.98	115.00
May	114.70	114.70	114.60	115.30
Sept	112.00	112.00	112.00	113.00
Nov	114.00	—	—	113.25
March	113.75	113.75	113.75	113.75

HEATING OIL 42,000 US gallons, cents/US gallons

	Close	High	Low	Prev
Dec	87.45	87.55	87.00	[illegible]
Jan	87.45	87.55	86.90	[illegible]
Feb	86.00	86.15	85.10	[illegible]
March	81.70	81.70	81.00	[illegible]
April	77.50	77.50	77.00	76.40
May	74.45	74.50	74.20	[illegible]
June	73.15	73.30	73.05	[illegible]
July	72.75	73.10	72.50	72.30
August	72.60	72.75	72.00	[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Nov	603.0	606.0	603.0	[illegible]
Dec	606.0	611.4	604.5	612.9
Jan	610.0	614.0	610.0	[illegible]
March	617.5	623.4	617.0	[illegible]
May	626.5	631.5	626.0	[illegible]
July	636.5	640.0	635.0	[illegible]
Sept	645.0	649.0	645.0	[illegible]
Dec	657.0	663.0	657.0	[illegible]
Jan	666.0	666.0	666.0	670.1
March	673.0	679.0	673.0	[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	5.33	5.60	5.30	5.43
March	5.93	6.13	5.91	6.22
May	6.09	6.35	6.06	6.38
July	6.29	6.52	6.26	6.56
Sept	6.48	—	—	6.74
Oct	6.55	6.81	6.55	6.84
Jan	6.69	—	—	6.98
March	7.15	7.34	7.22	7.42

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	67.05	67.80	66.32	66.30
Feb	63.52	63.85	62.97	63.32
April	62.10	62.42	61.80	62.12
June	61.75	61.95	61.50	61.80
August	60.02	60.37	60.02	60.10
Oct	59.07	59.40	59.00	59.10
Dec	60.10	60.10	60.10	60.10

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Dec	46.92	47.15	46.25	46.82
Feb	46.25	46.50	45.85	45.95
April	41.77	42.15	41.27	41.60
June	43.82	44.15	43.40	43.72
July	43.95	44.45	43.75	44.10
August	42.85	42.85	42.65	42.75
Oct	39.85	40.00	39.45	39.30
Dec	40.97	40.97	40.87	40.87
Feb	41.00	41.00	41.00	41.00

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
Dec	236.4	237.4	234.4	233.8
March	243.6	245.4	243.2	243.2
May	247.2	248.6	246.8	247.4
July	247.8	248.6	247.0	246.6
Sept	234.2	235.0	233.4	236.2
Dec	229.2	230.2	229.2	229.6
March	237.4	237.4	237.4	236.4

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	62.32	62.95	61.60	62.35
March	62.57	63.05	61.85	62.60
May	63.62	64.30	63.10	63.87
July	64.20	64.80	63.35	64.30
August	61.70	62.10	60.90	61.60

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Nov	516.2	519.6	515.0	516.4
Jan	527.0	530.4	525.6	528.6
March	537.0	544.4	536.0	540.2
May	545.0	549.0	544.6	549.4
July	550.6	554.6	550.4	558.2
August	550.0	552.4	550.0	553.4
Sept	535.0	537.2	535.0	538.0
Nov	531.6	534.4	531.4	534.8
Jan	544.0	545.0	544.0	547.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Dec	148.0	149.8	147.7	148.8
Jan	147.9	149.0	147.5	148.6
March	148.7	150.0	148.3	149.4
May	149.5	150.5	149.0	150.2
July	149.8	151.0	149.5	150.5
August	149.4	150.8	149.4	149.5
Sept	148.5	148.5	147.8	149.0
Oct	146.5	146.5	144.5	146.0
Dec	147.0	147.0	145.5	146.8
Jan	147.0	—	—	147.2

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Dec	20.08	20.12	19.85	19.84
Jan	20.19	20.25	20.00	20.09
March	20.54	20.60	20.35	20.48
May	20.88	21.00	20.75	20.87
July	21.20	21.30	21.00	21.17
August	21.25	21.35	21.10	21.20
Sept	21.15	21.30	21.05	21.20
Oct	21.22	21.30	21.10	21.10
Dec	21.40	21.40	21.10	21.30
Jan	21.40	—	—	21.30

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Dec	324.0	325.2	322.0	323.6
March	329.6	330.4	328.0	329.4
May	313.0	314.2	311.0	314.0
July	291.2	292.6	289.6	292.0
Sept	293.0	—	—	294.0
Dec	304.4	305.4	304.4	305.4

SPOT PRICES—Chicago loose lard 18.75 (17.50) cents per pound. New York — (—) cents per pound. Handy and Harman silver bullion 605.5 (609.0) cents per troy ounce.

SOYABEAN MEAL

The market opened slightly firmer on weaker currency, reports T. G. Rodick. However, market improved on Commission House selling to close at values of unchanged.

	Yesterday close	+ or —	Business Done
	£ per tonne		
Dec.	128.1-128.5	+0.25	128.0
Feb.	131.1-131.4	+0.30	131.0
Apr.	130.6-130.8	+0.15	130.6
June	126.5-126.8	+0.15	126.4-126.2
August	126.5-127.0	+0.15	126.2
October	128.1-128.5	—0.20	128.0
Dec.	128.5-130.5	—0.15	—

Sales: 212 (899) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $144.50 (£100.50), down $3.00 (down £2.00) a tonne for November-December delivery. White sugar $179.00, down $2.00.

The market ran out of buying interest at the higher levels and a sharp downside reaction occurred, reports C. Czarnikow.

No.6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Dec.	141.0-144.0	147.0-151.0	149.2-145.2
Mar.	156.4-155.8	161.4-161.8	161.4-155.2
May	158.8-159.6	165.0-165.8	164.8-158.4
Aug	164.2-164.8	170.6-171.4	170.8-169.6
Oct	169.0-169.8	176.8-177.0	176.2

Sales: 2,357 (2,799) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £204.0 (£207.5) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for November 6: Daily price 5.81 (5.66); 15-day average 5.23 (5.17).

Initiative to aid small exporters

ONE OF the world's largest accountancy firms has joined with a Scots university to promote an export initiative to help small businesses.

The link between KMG Thomson McLintock and the University of Stirling aims to improve the export performance of smaller Scottish companies by focused training and management support.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar optimism returns

The dollar returned to favour unexpectedly during yesterday afternoon, wiping out earlier losses and finishing well up from Wednesday's closing levels. There appeared to be a lot of speculation as to the position of central banks with regard to further suppression of the dollar with some dealers reporting rumours that the Bank of Japan saw a reduced likelihool of further intervention on its part.

This was in direct contradiction to earlier reports from Japanese officials which suggested that the dollar was still too high in yen terms. The picture was further clouded by comments made by Mr Paul Volcker, chairman of the US Federal Reserve Board, which came unexpectedly soon after the recent FOMC meeting and which stressed that the US authorities were not intent on tightening monetary policy even to the point of accommodating some excess in the annual growth of money supply.

Against this background the dollar's late recovery was a little surprising and it finished at DM 2.6265, up from DM 2.5990 and SFr 2.1590 from SFr 2.14.

£ IN NEW YORK

	Nov. 7	Prev. close
£ Spot	$1.4110-4125	$1.4355-4365
1 month	0.46-0.43 pm	0.45-0.41 pm
3 months	1.28-1.24 pm	1.29-1.23 pm
12 months	3.80-3.70 pm	3.80-3.70 pm

Forward premiums and discounts apply to the U.S. dollar

It was also up against the yen at Y205.60 from Y205.25 and FFr 7.9975 compared with FFr 7.92.

There may have been some underlying demand for the US unit to coincide with an expected keen participation by foreign investors in up and coming US refunding auctions. On Bank of England figures, the dollar's exchange rate index finished at 129.1, unchanged from Wednesday and too early too reflect the dollar's late improvement.

STERLING — Trading range against the dollar in 1985 is 1.4410 to 1.0525. October average 1.4217. Exchange rate index fell to 79.3 from 80.0, having opened at 79.7. The six months ago figure was 77.2.

Sterling fell to its worst level for four months on its exchange rate index, apparently undermined by fears of falling oil prices. There were no other obvious reasons behind the sharp decline. The pound dipped to $1.4180-1.4190, a loss of 1.8c from Wednesday. Against the D-mark it fell to DM 3.7250, its worst level since last March and down from DM 3.7325 previously. Elsewhere it fell to Y291.50 from Y295.0, FFr 11.3450 from FFr 11.3775 and SFr 3.0625 compared with SFr 3.0750.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.5960. October average 2.6443. Exchange rate index 127.6 against 120.4 six months ago.

The D-mark finished a little firmer in Frankfurt yesterday with trading finishing before the dollar's late revival. The US unit closed at DM 2.5990 down from DM 2.6025, having been fixed earlier in the day without Bundesbank intervention at DM 2.5935 from DM 2.6048. Early trading had been rather quiet with no fresh economic data to influence the market.

POUND SPOT — FORWARD AGAINST POUND

Nov.7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4150-1.4365	1.4180-1.4190	0.42-0.39c pm	3.43	1.25-1.20pm	3.45
Canada	1.9480-1.9703	1.9190-1.9530	0.51-0.42c pm	2.86	1.48-1.34pm	2.89
Nethlnd.	4.18¾-4.21½	4.18-4.19	2¼-1⅞c pm	5.73	5⅞-5½pm	5.44
Belgium	74.81-75.83	75.00-75.10	22-16c pm	3.04	59-50pm	2.90
Denmark	13.40½-13.49½	13.43¾-13.44¾	3¼-2ore pm	2.34	8½-7½pm	2.31
Ireland	1.1962-1.2048	1.2012-1.2022	0.23-0.08p pm	1.60	0.58-0.28pm	1.36
W. Ger.	3.69½-3.73	3.72-3.73	2¼-2pf pm	6.85	6½-6pm	6.64
Portugal	228½-234	228½-231½	145-405c dis	−14.35	515-1315dis	−15.91
Spain	227¼-229½	228¼-228¾	10-55c dis	−1.71	115-240dis	−3.11
Italy	2.498¾-2,515½	2,501½-2,502½	2-6 lire dis	−1.92	8-15dis	−1.84
Norway	11.12½-11.22	11.12½-11.13½	¼-1½ore dis	−0.67	2-3dis	−0.90
France	11.28¾-11.35¾	11.34-11.35	2¾-2c pm	2.45	6½-5½pm	2.01
Sweden	11.13¾-11.21½	11.14¾-11.15¾	2½-2¾ore dis	−2.69	5¾-6½dis	−2.17
Japan	289½-292¾	291-291	1.01-0.91y pm	3.96	2.80-2.63pm	3.73
Austria	26.01-26.19	26.11-26.16	13¾-12gro pm	5.88	38½-34pm	5.56
Switz.	3.04-3.06¾	3.05¾-3.06¾	2¼-2c pm	8.33	5⅞-5½pm	7.43

Belgian rate is for convertible francs. Financial franc 74.85-74.95. Six-month forward dollar 2.33-2.28c pm, 12-month 3.85-3.70c pm.

DOLLAR SPOT — FORWARD AGAINST DOLLAR

Nov 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4150-1.4365	1.4180-1.4190	0.42-0.39c pm	3.43	1.25-1.20pm	3.45
Ireland†	1.1700-1.1930	1.1730-1.1740	0.23-0.13c pm	1.81	0.75-0.60pm	2.10
Canada	1.3720-1.3763	1.3743-1.3753	0.05-0.08c dis	−0.57	0.17-0.22dis	−0.57
Nethlnd.	2.9220-2.9515	2.9505-2.9515	0.51-0.48c pm	2.03	1.52-1.49pm	2.05
Belgium	52.42-52.97	52.85-52.95	1-2½c dis	−0.40	6-8dis	−0.53
Denmark	9.38-9.50	9.47½-9.48	½-1ore dis	−0.96	1¾-2¼dis	−0.85
W. Ger.	2.5865-2.6270	2.6260-2.6270	0.78-0.73pf pm	3.49	2.22-2.17pm	3.38
Portugal	161½-164	162½-163	150-325c dis	−17.55	500-1050dis	−19.14
Spain	159½-161½	160¼-160½	55-75c dis	−4.88	225-300dis	−6.56
Italy	1,750¼-1,765	1,763½-1,764½	8¼-9 lire dis	−5.90	24½-25dis	−5.61
Norway	7.80¼-7.85	7.84½-7.85	2½-2½ore dis	−3.83	8-8½dis	−4.22
France	7.89¾-8.00	7.99½-8.00	0.65-0.75c dis	−1.06	2.70-3.00dis	−1.44
Sweden	7.80-7.86½	7.85-7.86½	3½-4ore dis	−5.75	10¾-11¼dis	−5.63
Japan	202.45-205.70	205.55-205.65	0.10-0.07y pm	0.50	0.23-0.18pm	0.40
Austria	18.21-18.37	18.30-18.34	4-3½gro pm	2.38	11-8½pm	2.14
Switz.	2.1285-2.1595	2.1585-2.1595	0.84-0.78c pm	4.58	2.16-2.11pm	4.00

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 52.75-52.85.

EXCHANGE CROSS RATES

Nov. 7	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.419	3.725	291.5	11.35	3.063	4.185	2502.	1.951	75.05
$	0.705	1.	2.627	205.6	7.998	2.159	2.951	1764.	1.378	52.90
DM	0.268	0.381	1.	78.25	3.046	0.822	1.123	671.7	0.524	20.16
YEN	3.431	4.866	12.78	1000.	38.92	10.51	14.36	8583.	6.693	257.5
F Fr.	0.881	1.250	3.283	256.9	10.	2.699	3.689	2205.	1.720	66.15
S Fr.	0.327	0.463	1.216	95.18	3.704	1.	1.367	817.0	0.637	24.51

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

Nov. 7	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	11⅛-11⅝	11½-11⅝	11⅜-11⅞	11⅜-11⅞	11⅛-11⅝	11⅜-11⅞
U.S. Dollar	8⅛-8⅛	8⅛-8⅛	8⅛-8¼	8⅛-8¼	8⅛-8¼	8⅛-8⅞
Can Dollar	8⅛-8⅝	8¼-8⅛	8⅛-8⅝	8⅛-8⅝	8-8⅛	8-8⅛
D Guilder	5⅛-6⅛	5⅛-6⅛	5⅛-6⅛	5⅛-6⅛	4¼-4⅛	4⅛-4⅛
Sw. Franc	⅛-⅜	1-1¼	3⅛-3⅞	4⅛-4⅛	4⅛-4⅛	4⅛-4⅛
Deutschmrk	4⅛-4⅛	4⅛-4⅛	4⅛-4⅛	4⅛-4⅛	4⅛-4⅛	4⅛-4⅛
Fr. Franc	9⅛-9⅞	9⅛-9⅜	9⅛-9⅞	9⅛-9⅛	10⅛-10¼	10⅜-10⅞
Italian Lire	14-15⅛	13⅛-14¼	13⅛-14¼	13⅛-14	13⅛-13⅞	13⅛-13⅞
B.Fr.(Fin)	8⅛-8⅛	8¼-8⅜	8⅛-8⅜	8⅛-8⅞	8⅜-9	8⅜-9
Br.Fr.(Con)	8⅛-8⅛	8⅛-8⅜	8⅛-8⅜	8⅛-8⅞	8⅜-9	7⅛-7¼
Yen	7-7⅛	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛	9⅛-9⅜
D. Krone	8⅛-9	9-9⅛	9-9⅛	9-9⅛	9-9⅛	8⅛-8⅛
Asian $ (Sng)	8¼-8⅛	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛

Long-term Eurodollars: two years 8⅞-9⅛ per cent; three years 9⅛-9⅜ per cent; five years 9⅜-10 per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

CURRENCY MOVEMENTS

Nov. 7	Bank of England Index	Morgan Guaranty Change %
Sterling	79.3	−10.8
U.S. dollar	129.1	+17.7
Canadian dollar	83.2	−9.4
Austrian schilling	119.0	+5.1
Belgian franc	92.2	−9.6
Danish Kroner	82.0	−3.7
Deutsche mark	127.6	+9.8
Swiss franc	150.8	+15.1
Guilder	118.3	+5.5
French franc	68.8	−12.5
Lire	44.7	−19.8
Yen	176.0	+29.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

Nov. 7	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.753026	0.593338
U.S.$	7½	1.07999	0.850853
Canadian $	8.78	*	1.16757
Austria Sch.	4	19.6990	15.5086
Belgian Fr.	9	56.6779	44.6553
Danish Kr.	7	10.1470	7.99238
D mark	4	2.80095	2.20683
Guilder	5	3.15843	2.48869
French Fr.	9½	8.54056	6.72578
Lira	15½	1892.14	1490.49
Yen	5	218.806	172.984
Norway Kr.	8	8.44120	6.64613
Span'h Pta.	—	172.474	135.828
Swedish K.	10½	8.45084	6.63920
Swiss Fr.	4	2.30470	1.81572
Greek Dr'ch	20½	164.979	129.851
Irish Punt	—	N A	0.713599

* C$/SDR rate for Nov 5: 1.47843.

OTHER CURRENCIES

Nov. 7	£	$
Arg'tina	1.1408-1.1431	0.8000-0.8010
Aus'alia	2.1318-2.1355	1.5140-1.5065
Brazil	1.2363-1.2436	8.670-8.715
Finland	7.9210-7.9465	5.5755-5.5775

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu November 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9320	44.6553	−0.39	+0.56	±1.5426
Danish Krone	8.12857	7.99238	−1.68	−0.73	±1.6421
German D-mark	2.23840	2.20683	−1.41	−0.46	±1.1455
French Franc	6.86402	6.72578	−2.00	−1.05	±1.3654
Dutch Guilder	2.52208	2.48869	−1.32	−0.37	±1.5162
Irish Punt	0.724578	0.713599	−1.52	−0.57	±1.6673
Italian Lira	1520.60	1490.49	−1.98	−1.77	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FUTURES AND OPTIONS

Weaker trend

Prices were mostly lower in the London International Financial Futures Exchange yesterday. Dollar based instruments had been firmer initially, buoyed by comments made by Mr Paul Volcker, chairman of the Federal Reserve Board, which suggested that the U.S. authorities were not about to tighten credit policies and were even prepared to accept some overrun on money supply.

However the prospect of entertaining a higher rate of inflation however vague, was not taken lightly and after early gains, values were marked down as selling developed out of the US so that prices finished towards the day's lows.

Recent gains had already led some market participants to talk of an overbought market and yesterday's relatively high level of Fed funds helped to prompt a general sell off.

Sterling based instruments remained depressed, mainly because of sterling's poor performance. The latter prompted a notable liquidation of positions in the absence of any concrete factors to alter sentiment. There were still underlying hopes of a cut in base rates although the timing of such a move appeared to be moved further and further ahead in most people's minds.

Three-month sterling deposits opened at 88.51 for December delivery down from 88.52 on Wednesday and finished at the day's low of 88.46. The long gilt moved in the same way, opening at 112-12 for December delivery, down from 112-13 and finishing at 111-28.

STERLING INDEX

	Nov. 7	Previous
8.30 am	79.7	80.1
9.00 am	79.7	80.2
10.00 am	79.7	80.2
11.00 am	79.7	80.1
Noon	79.7	80.2
1.00 pm	79.7	80.1
2.00 pm	79.4	80.1
3.00 pm	79.4	80.0
4.00 pm	79.3	80.0

CURRENCY FUTURES

LONDON

CHICAGO

MONEY MARKETS

Little change despite weaker pound

Interest rates showed little overall change in London yesterday despite sterling's weaker trend. Three-month interbank money was quoted at 11⅞-11⅞ per cent unchanged from Wednesday while three-month eligible bank bills were bid at 11⅞ per cent also unchanged. Overnight interbank money firmed up during the afternoon with some of the day's shortage left in the interbank market. Rates were down to 11½ per cent at the start before touching 15 per cent in the afternoon.

The Bank of England forecast a shortage of around £600m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £606m and Exchequer transactions a further £10m. There was also a rise in the note circulation of £35m. These were partly offset by banks' balances brought forward £30m above target. The bank gave assistance in the morning of £84m through outright purchases of eligible bank bills, £58m in band 2 at 11⅛ per cent, £3m in band 3 at 11½ per cent and £23m in band 4 at 11⅞ per cent.

In the afternoon the Bank gave further assistance of £286m. This comprised purchases of £39m of eligible bank bills in band 1 at 11⅞ per cent and £114m in band 2 at 11⅞ per cent. In band 3 it bought £14m of local authority bills and £49m of eligible bank bills at 11½ per cent. In band 4 it bought £70m of eligible bank bills at 11⅞ per cent. It also gave late assistance of £80m, making a total of £450m.

In Frankfurt the Bundesbank left its credit policies and interest rates unchanged after yesterday's meeting of the central council. The authorities had not been expected to make any move, following recent comments by Mr Karl Otto Poehl, Bundesbank president, which stressed that there were no plans to push rates firmer. Speculation over the possibility of a firmer trend had started after Japanese interest rates had been increased as a means of depressing the dollar.

Call money remained in good supply and the central bank is expected to announce another repurchase agreement early next week to replace a DM 11.1bn facility maturing on November 13.

UK clearing banks base lending rate 11½ per cent since July 30

NEW YORK RATES

(Lunchtime)

Prime rate	9½
Broker loan rate	9-9¼
Fed funds	8⅛
Fed funds at intervention	8⅛
Treasury Bills & Bonds	
One month	7.10
Two month	7.21
Three month	7.34
Six month	7.73
One year	7.91
Two year	8.57
Three year	8.94
Four year	9.20
Five year	9.30
Seven year	9.74
10 year	9.90
30 year	10.19

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov. 7) Three months U.S. dollars		Six months U.S. dollars	
bid 8	offer 8 1/8	bid 8	offer 8 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust

LONDON MONEY RATES

Nov. 7	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11⅛-15	11½-11¾	11⅞-11⅞	11⅞-11⅞	11½-11⅝	11¼-11⅞
Sterling CDs	—	—	11⅞-11⅝	11⅞-11⅞	11¼-11⅛	11⅞-11⅞
Local Authority Depos	11⅛	11½-11½	11⅞	11⅞	11⅞	11¼
Local Author'y Bonds	—	—	12	12	11⅞	11⅛
Discount Mkt Depos	11⅛-11⅛	11⅛	11⅛	11¼	—	—
Company Depos	11¼	11¼	11⅛	11¾	—	—
Finance Hse Depos	—	—	11⅞	11⅞	11⅞	11⅛
Treasury Bills (Buy)	—	—	11⅞	11⅞	—	—
Bank Bills (Buy)	—	—	11⅞	11⅞	10⅞	—
Fine Trade Bills (Buy)	—	—	11⅞	11⅞	11⅞	—
Dollar CDs	—	—	7.90-8.00	7.85-7.95	7.90-8.00	8.1-8.2
SDR Linked Depos	—	—	7⅞-7⅞	7⅞-8⅛	7⅞-8⅛	7⅞-8⅛
ECU Depos	—	—	8⅛-8⅞	8⅛-8¼	8⅛-8⅞	8⅛-8⅞

Treasury Bills (sell): one-month 11⅛ per cent; three-months 11⅞ per cent. Bank Bills (sell): one-month 11⅞ per cent; three-months 11⅞ per cent. Treasury Bills: Average tender rate of discount 11.1373 per cent. ECGD Fixed Finance IV: October 2 to November 5 (inclusive): 11.608 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 per cent from November 1 1985. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (sat). Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11½ per cent; three-six months 11½ per cent; six-nine months 11¼ per cent; nine-12 months 11⅛ per cent. Under £100,000 10½ per cent from November 7. Deposits held under Series 5 11¼ per cent. Deposits withdrawn for cash 7½ per cent.

MONEY RATES

Nov. 7	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard Int'v'tion
Frankfurt	4.45-4.55	4.6-4.7	4.75-4.85	4.75-4.90	4.80-4.95	5.5
Paris	9⅛	9⅛-9¼	9⅛-9¼	9⅛-9⅛	9⅛-9⅛	9⅛
Zurich	⅛-⅜	3¼-3⅞	—	4⅛-4⅞	—	—
Amsterdam	6-6⅛	6-6⅛	—	6⅛-6⅛	—	—
Tokyo	7.09375	7.40625	—	7.65625	—	—
Milan	14⅛-14¼	14⅛-15	—	14⅛-15	—	—
Brussels	8.80	8⅞-8⅛	—	8⅛-8⅛	—	—
Dublin	9¼-10	9⅞-10⅛	10-10¼	10⅛-10⅜	10¼-10½	—

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currences as of Wednesday, November 6, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of November 6 at 11.00 a.m.
3 months: $8\frac{1}{16}$ 6 months: $8\frac{1}{16}$

ECU=$US.848269 SDR1=$US1.07726
Sibor as of November 6 at 11.00 a.m.
3 months: $8\frac{1}{16}$ 6 months: $8\frac{1}{16}$

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.50
Albania	Lek	7.0285
Algeria	Dinar	4.8725
Andorra	Fr. Franc	7.9375
	Sp. Peseta	160.05
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	Austral (8)	0.801
Australia	Dollar	1.6124
Austria	Schilling	18.305
Azores	Port. Escudo	162.00
Grenada	E. Caribean $	2.70
Guadaloupe	Franc	7.9375
Guam	U.S. $	1.00
Guatemala	Quetzal (o)	1.00
	Quetzal (h, l)	3.725
Guinea Bissau	Peso	170.479
Guinea Rep	Syli	22.9148
Guyana	Dollar	4.12
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
	Lempira (d)	2.55
Paraguay	Guarani (o.c.)	240.00
	Guarani (d)	697.50
Peru	Sol (o) (3)	13942.
Philippines	Peso	18.73
Pitcairn Is.	N.Z. Dollar	1.7132
Poland	Zloty (o)	150.14
Portugal	Escudo	162.00
PuertoRico	U.S. dollar	1.00
Qatar	Riyal	3.641
Reunion, Il de la	Fr. Franc	7.9375
Romania	Leu (o)	4.07

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101 5/16	99 1/16	Exch. 11¼pc '86	99 11/16	+ 1/16	11.75	11.42
99 13/16	10	Treas. 10pcCnv 1986	99¼	...	10.08	11.50
96¼	92¾	Treas 3pc 1986	96¼xd	– 1/16	3.12	10.82
100	97½	Exch. 10½pc Cv '86	99⅝xd	– 1/16	10.54	11.37
101¾	99¾	Treas 12pc 1986	100 1/16xd	– 1/16	11.95	11.37
98½	94¼	Treas 8¾pc 1984-86‡‡	98¼	– 1/16	8.65	11.19
105 3/16	102 1/16	Exch. 14pc 1986	102½	– 1/16	13.66	11.20
94⅔	87¾	Exch. 2½pc 1986	94 5/16xd	– 1/16	2.65	8.36
104 3/16	101¼	Exch. 13¼pc 1987	102¼	– 1/16	12.96	11.08
99 13/16	96⅝	Treas 10¼pcCv '87	99 1/16	– 1/16	10.35	10.97
93¼	85½	Exch 2½pc 1987	92¾	...	2.69	8.50
100 1/16	96¼	Exch. 10½pc 1987	99 1/16	– 1/16	10.56	10.92
95 3/16	89	Funding 6½pc '85-87‡‡	94 13/16	– 1/16	6.85	10.30
99 1/16	95½	Treas. 10pc 1987	98 13/16xd	– 1/16	10.12	10.88
91¼	84¾	Treas 3pc 1987	91⅞	...	3.29	8.78
102 11/16	99¾	Treas. 12pc 1987	102xd	– 1/16	11.76	10.85
95 1/16	90¼	Treas 7¾pc 1985-88‡‡	94 5/16	– ⅛	8.20	10.52
100 1/16	95¾	Exch 10½pc '88	99½xd	– ⅛	10.55	10.75
98½	93¾	Treas 9½pc Cv '88	97¼xd	...	9.97	10.80
87 1/16	80	Transport 3pc '78-88	86⅞	...	3.45	8.65
97¾	91½	Treas. 9½pc '88	96¼	– ⅛	9.82	10.80
102¾	97½	Treas 11½pc 1989	102	– ⅛	11.27	10.72
97 1/16	90¼	Treas 9½pc Cnv. '89	96⅝	– ⅛	9.83	10.69
84	79	Treas 3pc 1989	83⅞xd	...	3.58	8.40
99¾	94	Treas 10½pc 1989	99⅛xd	...	10.57	10.74
98¼	92	Exch.10pc 1989	97¾	– ⅛	10.23	10.72
101 1/16	95	Exch 11pc 1989	100¼	– ⅛	10.93	10.74
86¼	79	Treas 5pc 1986-89	86	– 1/16	5.81	9.33
108 5/16	103¼	Treas 13pc 1990‡‡	107⅞	– ⅛	12.05	10.58
101⅝	96 11/16	Exch 11pc 1990‡‡	100⅞	– ⅛	10.90	10.70
108¼	100¼	Exch. 12½pc 1990	106¼	– ⅛	11.76	10.67
80 5/16	75¼	Treas 3pc 1990●	80 5/16xd	+ 1/16	3.72	8.27

Five to Fifteen Years

Over Fifteen Years

Undated

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ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1985 High	1985 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
45	34	Maclellan (P & W) 20p	44		†1.7	2.3	5.5	9.1
77	46	Magnolia Group	74		2.6	3.0	5.0	9.0
48	28	Manganese Hldgs 10p	45		—	—	—	73.5
515	202	Man. Ship Can. £1	485	−23	5.5	3.5	1.6	25.5
114	70	Marley	110	−½	3.75	2.2	4.9	13.3
107	52	Marling Ind. 10p	95	+1	d1.5	5.1	2.3	12.1
82	36	Marshall L'ey. 'A'	78		†2.4	4.9	4.4	5.6
77	55	Marshall's Universal	68xd	+10	†2.0	1.4	4.2	21.6
86	78	Do. 7½pcCnRedPf £1	84		7½%	—	12.8	—
299	181	Matheson 7¾%	£99		Q7¾%	2.3	18.0	—
35	15	Maxiprint 1p	17		—	—	—	—
548	375	Metal Box £1	543		17.25	3.1	4.5	8.7
170	110	Metal Closures	117	−1	6.7	2.0	8.2	7.3
17	3	Metal Sciences 2½p	7½		—	—	—	—
104	63	Midland Mars	78		4.0	2.1	7.4	9.2
83½	55½	Mitchell Cotts	78	−1	4.25	♦	8.0	♦
230	182	Morgan Crucible	201	−2	18.0	1.6	5.8	13.7
38	22	Morris (W) F.A. 20p	26		0.75	♦	2.7	♦
131	91	Moss (Robt.) 10p	125		3.0	2.5	3.4	13.8
81	60	Myson Grp 10p	63½		2.75	3.4	5.7	11.9
328	214	NMW Computers	285	+10	4.8	2.7	2.4	21.9
43	28	Nash Inds.	32		2.5	1.5	‡	7.4
48	19	Neil & Spencer 10p	15	−1	♦	—	—	6.5
44	14½	Newman Inds 10p	27½	−½	2.03	—	1.6	33.0
46	26	Norbar	45		d1.17	♦	3.7	♦
214	146	Norcros	213	−1	8.6	2.2	5.8	10.6
67	43	Nu-Swift 5p	50	−1				

LEISURE—Continued

1985 High	1985 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
210	177	Central TV N/V 5p	207		10.5	2.3	7.2	8
235	170	Chrysalis	230xd		5.5	2.6	3.5	1
52	7	Entertain Prod 5p	13		0.29	2.1	24.7	2
79	50	Fairline Boats 10p	78		†2.63	2.6	4.8	1
391	228	First Leisure £1	385		5.5	2.8	2.1	1
69	51	GRA Group 5p	66½		—	—	—	8
42	25	Grampian TVA 10p	30		1.67	♦	7.9	
170	117	HTV Non V'g	170	+8	7.7	2.9	6.5	7
148	78	Horizon	92	+5	4.4	3.6	6.8	4
184	90	Insight	160		2.5	6.5	2.2	9
140	102	Intnl Leisure 10p	105	−3	4.8	3.1	6.5	5
232	105	Juliana's Hldgs 2p	185		†2.9	1.8	2.4	2
300	217	LWT	285		14.6	2.3	7.2	8
38	25	Leisure Inv 10p	33		—	—	—	
65	53	Leisuretime Int 10p	54		†2.1	3.9	5.6	5
115	98	Lowndes	108		2.63	3.0	3.5	1
183	155	Media Tech Int 20p	163		2.58	5.4	2.3	1
205	129	Medminster 10p	158		5.35	♦	4.9	
280	175	Miss World 10p	220	−5	3.6	4.1	2.3	1
127½	70	Nationwide Leisure	72		3.75	2.5	7.4	6
39	13½	Norfolk Int 20c	13½		—	—	—	
27	19½	Owners Abroad	20¼	+¼	1.0	2.2	6.9	9
53	38	Photax (Lon)	44		—	—	—	
24½	18	Piccadilly Radio NV 5p	19½		1.87	1.1	13.7	9
90	30	Pineapple Dnc St 10p	40		0.5	1.2	5.4	2
325	183	Pleasurama 5p	320	−2	6.6	3.7	2.1	1

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Cont.

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

1985 High	1985 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
120	48	Colby Res Corp.	80		—	—	—
550	175	Cons. Murch. 10c	200		g0.8½d	3.9	11.3
40	24	Ennex Int Ir10p	31	+1	—	—	—
123	92	Greenwich Res	92		—	—	—
215	115	Hampton Areas 10p	127	−3	3.75	0.9	4.0
260	135	Highwood Res.	145		—	—	—
£22½	£15⅜	Homestake Mining $1	£15⅝xd	+⅛	Q20c	—	0.9
310	155	McFinley Red Lake	235	+10	—	—	—
335	195	Mosto Explorations	225	+10	—	—	—
55	23	New Sabina Res C$1	45	+2	—	—	—
375	195	Northgate C$1	210	−15	—	—	—
685	530	RTZ	534xd	−9	†20.0	2.8	5.4
£145½	£116½	Do. 9¾pcLn '95-2000	£121½xd	−1	Q9¾%	14.0	8.0
980	882	Tara Expln $1	900	−12	—	—	—

LEISURE

INSURANCES

PROPERTY

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

Finance, Land, etc

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ¢ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	101	+3	Arnotts	218	−2
Craig & Rose £1	700	.....	CPI Hldgs.	63	.....
Finlay Pkg. 5p	54	.....	Carroll Inds.	139	.....
Higsons Brew	235	.....	Dublin Gas	85	.....
Holt (Jos) 25p	720	+5	Hall (R. & H.)	60	.....
IoM Stm. £1	75	−5	Heiton Hldgs.	21	.....
IRISH			Irish Ropes	45	.....
Fund 11¼% 1988	£100¼	−⅛	Unidare	110	.....
Nat. 9¾% 84/89	£96	−¼	For Jacob (W. & R.) see Foods		
Fin 13% 97/02	£104½	.....			

"Recent Issues" and "Rights" Page 42
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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Poor Royal Dutch/Shell profits brings seven-day advance in equity market to an end

ACCOUNT DEALING DATES

*First Dealings	Option Declarations	Last Dealings	Account Day
Oct 28	Nov 7	Nov 8	Nov 18
Nov 11	Nov 21	Nov 22	Dec 2
Nov 25	Dec 5	Dec 6	Dec 16

* "New-time" dealings may take place from 9.30 am two business days earlier.

Acutely disappointing third-quarter profits from oil giant **Royal Dutch/Shell** brought London share prices back from record levels yesterday. The sharp reduction in the group's net income to £439m compared starkly with broking house forecasts of around £650m and a corresponding 1984 figure of £978m.

The news dealt a blow to the equity market and leading shares immediately went into retreat. Before the 10 am announcement, both main indices had continued Wednesday's advance with the FT-SE 100-share threatening to breach 1400 for the first time. The Prime Minister's promise of tax cuts and Wall Street's fresh upsurge overnight to a best-ever level encouraged investment. Confirmation that Cable and Wireless planned to make a large rights issue of new shares simultaneously with the Government's intended sale of its remaining 22.7 per cent holding failed to change the market's bullish mood.

Revived support of international stocks and other overseas earners was aroused by the fall in sterling's exchange rate index but the scene altered after receipt of the Royal Dutch news. Prospective institutional buyers withdrew leaving the field clear for professional operators and smaller investors. Traders adopted defensive tactics and marked prices down but they still encountered sales on the penultimate session of the trading Account.

"New-time" interest was negligible and, although leading oils eventually recovered from the lowest levels, other top-quality issues went progressively easier. The FT-SE index, up 1.8 initially, finally settled a net 10.2 down at 1384.8, while the FT Ordinary share index likewise gave up an early rise and closed 7.8 lower at 1073.5.

The pound's easier trend against other major currencies unsettled Gilt-edged securities. Investors displayed a marked reluctance to commit funds ahead of the autumn financial statement, expected next Tuesday, and prices drifted back on sporadic bouts of selling. Further dullness in Gilt futures was early afternoon bear-covering brought a small rally. This left longer-dated maturities showing falls of ¼, after ⅜

Mercury speculation

Necomer to the Fixed Interest lists, Land Securities 10 per cent First Mortgage Debenture 2025, traded at a discount in first-time dealings. In £25-paid form, the stock closed at 24¾, after 24½.

Mercury Securities jumped 35 more to a 1985 peak of 700p on mounting speculation that U.S. interests had built up a strategic stake in the company; stockjobbers Akroyd and Smithers advanced 15 more to 510p, partly in sympathy and partly on a de Zoete and Bevan recommendation. Hill Samuel gained 10 more to 365p, after 368p, in anticipation of good interim figures today, while Brown Shipley improved 5 to 415p. Among Hire Purchases, recently-firm Woodchester, in which Gartmore Information and Financial holds a 7 per cent stake, hardened a couple of pence to 142p following interim figures.

Press reports that the Government intends to end life companies monopoly as providers of individual pension contracts induced profit-taking in Life insurances. **Prudential** led the retreat with a decline of 22 to 731p, while **Legal and General** fell 17 to 713p and **Equity and Law** dropped 10 at 280p. Among Composites, **Royals** came back 12 to 716p; the third-quarter figures are scheduled for next Thursday.

Hampden Homecare staged a satisfactory debut in the Unlisted Securities Market; the shares, placed at 57p, opened at 61½p and touched 65p prior to closing at 64p.

Matthew Brown featured Breweries, rising 15 more for a two-day jump of 38 at 478p, after 488p, on growing belief that the Trade and Industry Secretary has given the green light for Scottish and Newcastle to proceed with a new bid for the company; **S & W** softened a couple of pence to 186p. **Vaux** jumped 12 to a 1985 peak of 395p in sympathy. **Allied Lyons** revived with a gain of 5 at 280p.

In the Building sector, **Blue Circle** reacted to 565p prior to closing a net 9 down at 573p as worries about Mexican earnings resurfaced, while **Rugby Portland Cement** fell 5½ to 136p on reports that the company was seeking to reduce its workforce with the loss of around 230 jobs. **RMC**, however, remained a firm market and gained 6 more to 482p and **BPB Industries** firmed 5 afresh to 335p. Elsewhere, **French Kier** met with renewed buying interest and firmed 4 to 219p, while **John Mowlem** improved the same amount to 335p on confirmation of the floatation of its instrumentation and testing equipment subsidiary. **Costain**, a dull market recently, rallied 4 to 488p, but **AMEC** lost that much, to 266p on lack of interest. **Feb International** dipped to 85p following the poor half-timer, but subsequently picked up to close unchanged at 90p. **J. Jarvis** rose 10 to 295p in a restricted market.

ICI trade quietly and settled 7 down at 662p. Elsewhere in the Chemical sector, **Morceau** gained 13 to 300p in a limited market.

BHS easier

End-Account profit-taking brought the recent strong run by leading retailers to a halt yesterday. **British Home Stores** were particularly vulnerable and closed 12 down at 315p despite the company's strong denials of any planned fund-raising in the near future. **Burton** cheapened 3 to 575p in the wake of a successful vendor share placing to raise £8½m to round off its acquisition of John Collier. Elsewhere, mail-order concerns came in for support with **Grattan** closing 12 better at 374p and **Freemans** 8 up at 378p. **Helene of London**, meanwhile, continued to reflect an investment recommendation with a fresh improvement of 2 to 29p, while **Moss Bros** added 10 to 510p.

The previous day's revival in Electricals was short-lived and quotations drifted back on the lack of fresh support. **Plessey** and **Racal** both eased 4 to the common price of 136p, while **GEC** were also 4 cheaper at 162p. **BICC**, reflecting worries about the recent trend in the Australian dollar, fell 11 to 235p. **Cable and Wireless** closed 13 higher at 613p following the announcement of the rights issue which is to coincide with the Government's offer for sale. **CASE Group** closed 3 firmer at 109p, the poor interim figures being offset by the confident statement on outlook. **AB Electronic** remained on offer and gave up 10 more at 185p, while **Telemetrix** fell a like amount to 130p.

Interest continued to abate in the Engineering sector. Among the few noteworthy movements, **Thomas Robinson** encountered further speculative demand and put on 7 more to 160p. **Renold** touched 64½p after the interim figures before reacting to close 1½ times cheaper on the day at 61½p. Leading issues to give ground included **Hawker**, 6 lower at 417p, and **Vickers** 5 cheaper at 310p.

Tate and Lyle provided a firm feature in an otherwise subdued Food sector, rising 13 to 518p amid vague takeover and ahead of the annual results due next month. **Cadbury Schweppes** slipped a couple of pence to 149p and **Rowntree Mackintosh** lost 5 to 393p, but **Northern Foods**, also reporting next month, rose 6 to 286p. Among Retailers, further buying ahead of next Wednesday's half-timer left **Tesco** 5 dearer at a 1985 peak of 295p, but **Argyll** lacked support and shed that amount, to 335p. **Normans** hardened ½ to 75p despite the lower mid-term profits. Elsewhere, **Fitch Lovell** found support at 246p, up 3, while **Somportex** revived storngly on asset injection hopes and gained 10 to 143p. Profit-taking clipped 10 from **Meadow Farm** at 415p.

Reckitt & Colman down

Losses among miscellaneous industrial leaders rarely exceeded a few pence, but **Reckitt and Colman** were unsettled by Australian currency influences and fell 23 to 590p. Elsewhere, **Amber Industrial** responded to the increased interim dividend and profits rose 21 to 145p, but **Manchester Ship Canal** contrasted with a fall of 23 to 485p on the announcement that Highams had reduced its stake in the company to 16.07 per cent. Overlooked of late, **Lawtex** encountered demand and put on 10 more to 103p, while **Cope Allman** closed 2 higher at 262p, after 267p, following the statement from Hawley Group regarding its holding in Cope. **Keep Trust** rose 4 more to 98; it was officially announced that the company had recently bought in its own shares at various prices. Bid hopes continued to sustain **Macarthy Pharmaceuticals**, up 6 more at 230p. **Stag Furniture** were in renewed demand and put on 6 further to 90p, but recent favourites to give ground included **Parker Knoll A**, 9 cheaper at 262p, **Steetley**, 6 lower at 377p, and **Whitecroft**, 5 down at 182p. **Henry Boot** remained friendless and closed 5 off at a new low for the year of 250p. **Marshalls Universal**, on the other hand, advanced 10 to 68p following the announcement that British Syphon had acquired Grovewood Securities' 25.56 holding in Marshalls.

Horizon Travel, in the doldrums of late as the package holiday price war escalated, attracted revived buying interest and improved 5 to 92p. Television issues continued to attract buyers. **HTV N/V** moved up 8 to 170p and **Anglia A** hardened a couple of pence to 172p. **Grampian TV** held at 30p despite the poor interim figures.

Lucas continued firmly in Motors, rising 3 more to 443p ahead of Monday's annual figures. **Jaguar** were active and a similar amount 3 dearer at 321p, while **Lex Service** put on 6 to 234p.

EMAP "A" provided an isolated firm feature in Newspapers, rising 13 to 168p following renewed speculative support.

The Property leaders attracted light support with **Land Securities** hardening a couple of pence to 315p and **MEPC** adding a penny at 308p. **British Land** firmed 2 to 165p and **Peachey** improved 3 to 275p. Elsewhere, **Rosehaugh**, which recently revealed good annual results and share sub-division proposals, moved up 1½ points to £19. **Southend Stadium** continued to attract buying interest on property development hopes and firmed 4 for a two-day gain of 9 to 71p; **Yelverton**, which holds a stake in Southend Stadium, put on 6 to 34p. **Ewart New Northern** rose 25 to 420p in a restricted market, while **Alfred Walker** firmed 5 to 120p on news that the company is in discussions which could lead to the acquisition of a private concern engaged in commercial property. **McInerney** shed 5 to 95p following poor half-year figures. ......

Tomkinsons jumped 16 more for a two-day rise of 23 at 178p on speculative buying. Elsewhere in Textiles, **Courtaulds** put on 3 to 164p, after 165p, as investors continued to take an optimistic view ahead of the interim results scheduled for November 19. **Coats Patons** improved 3 to 157p in sympathy. **John Crowther** closed 4 to the good at 93p.

Recently overlooked **Mercantile House** returned to prominence among Financials with a speculative gain of 19 at 297p. **Exco** cheapened a penny to 227p on vague rumours that British and Commonwealth Shipping had sold its sizeable stake in the company; the shares were strongly supported on Wednesday on hopes of a full-bid from B&C.

Poor third-quarter results from **Royal Dutch/Shell** net income was down some 50 per cent compared with the same period last year—brought **Shell** down sharply to 657p before a subsequent rally left the price a net 10 down at 670p. Other leading oils moved lower in sympathy. **BP** dipped to 555p prior to ending the session 3 cheaper on balance at 560p, while **Britoil** closed unchanged on the day at 220p, after 217p. **Ultramar**, due to report third-quarter earnings on Wednesday, fell away to 197p but later rallied to show 206p for a net gain of 6.

Golds up again

South African Golds extended Wednesday's recovery movement and made progress throughout the session. The latest upturn was triggered by another improvement in the Financial Rand against the dollar with the South African currency peaking during the late afternoon.

Golds opened on a firm note, sustained by a follow-through of US buying overnight. Good demand from London operators kept prices edging higher during the morning but the market's major thrust came in the early afternoon when Continental and Johannesburg buyers pushed prices sharply better. The opening of Wall Street and minor profit-taking from the US halted the advance but gains remained sufficient to boost the Gold Mines index a further 11.3 to 238.3.

Rises were often exaggerated by stock shortages and this was the case in the leading heavyweights where "Amgold" raced ahead to close £5¾ higher at £37¾.

London-registered Financials were unsettled by the downturn in domestic equities and **Rio Tinto-Zinc** dipped 9 to 534p, while **Hampton Areas** eased 3 to 127p. **Consolidated Goldfields**, up 5 at 468p, however, drew strength from the US gold exploration successes and news of the sale for £10.3m of a part of its Bath & Portland subsidiary.

Australians posted numerous small gains following the more encouraging performance by overnight Sydney and Melbourne markets and the easier trend in sterling against the Australian dollar.

Tin shares remained a vulnerable market in the wake of the adjournment of the ITC emergency meeting until November 14. **Geevor** lost 5 more to 80p and **Ayer Hitam** 5 to 210p

Total contracts done in Traded Options amounted to 11,568—7,788 calls nad 3,780 puts. **BATS** continued to claim a fair amount of attention and 1,854 deals were completed comprising 1,357 calls and 497 puts.

FINANCIAL TIMES STOCK INDICES

	Nov. 7	Nov. 6	Nov. 5	Nov. 4	Nov. 1	Oct. 31	year ago
Government Secs...	83.52	83.70	83.87	83.93	83.83	83.98	85.62
Fixed Interest...	89.34	89.46	89.60	89.64	89.67	89.64	85.42
Ordinary ♥...	1073.5	1081.3	1073.6	1071.1	1070.6	1069.1	893.0
Gold Mines...	238.3	227.0	217.6	222.9	237.9	246.0	562.5
Ord. Div. Yield...	4.47	4.45	4.47	4.48	4.49	4.48	4.76
Earnings, Yld. % (full)	10.97	10.91	10.97	10.98	10.97	10.98	11.36
P/E Ratio (net) (*)...	11.28	11.34	11.27	11.28	11.27	11.26	10.56
Total bargains (Est.)	25,552	25,882	24,721	25,431	24,333	25,103	21,063
Equity turnover £m.	—	560.96	619.24	415.83	529.57	578.32	314.31
Equity bargains...	—	24,529	27,132	24,834	24,321	24,933	19,494
Shares traded (ml)...	—	270.5	291.9	220.2	239.4	269.5	171.9

♥ 10 am 1083.1. 11 am 1075.3. Noon 1075.2. 1 pm 1076.4. 2 pm 1076.1. 3 pm 1076.1. 4 pm 1074.3.

Day's High 1083.7. Day's Low 1073.5.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil = 10.87.

HIGHS AND LOWS / S.E. ACTIVITY INDICES

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low		Nov. 6	Nov. 5
Govt. Secs.	84.57 (18/10)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)	Daily Gilt Edged Bargains...	124.4	130.6
					Equities Bargains...	157.2	175.8
Fixed Int...	90.38 (25/10)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)	Value...	1135.8	1251.6
					5 day Average Gilt Edged Bargains...	129.6	131.1
Ordinary...	1081.3 (6/11)	911.0 (25/7)	1081.3 (6/11/85)	49.4 (26/6/40)	Equities Bargains...	152.6	153.5
Gold Mines	336.9 (15/4)	217.6 (5/11)	734.7 (15/2/83)	43.5 (26/10/71)	Value...	1093.1	1099.4

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs Nov 7 1985 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Wed Nov 6 Index No.	Tues Nov 5 Index No.	Mon Nov 4 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (207)	[illegible]	[illegible]	[illegible]	[illegible]	12.12	13.81	560.15	555.68	556.20	543.95
2 Building Materials (22)	[illegible]	[illegible]	[illegible]	[illegible]	11.86	15.30	625.53	626.24	624.78	501.48
3 Contracting, Construction (28)	[illegible]	[illegible]	[illegible]	[illegible]	12.60	25.93	953.89	955.42	958.77	709.84
4 Electricals (13)	[illegible]	[illegible]	[illegible]	[illegible]	12.56	49.94	1580.27	1571.62	1579.82	1553.38
5 Electronics (39)	[illegible]	[illegible]	[illegible]	[illegible]	11.12	30.72	1309.69	1276.64	1283.32	1997.95
6 Mechanical Engineering (61)	[illegible]	[illegible]	[illegible]	[illegible]	11.50	8.19	323.81	324.60	324.31	261.62
8 Metals and Metal Forming (7)	[illegible]	[illegible]	[illegible]	[illegible]	10.88	5.98	230.68	232.18	231.14	165.43
9 Motors (17)	[illegible]	[illegible]	[illegible]	[illegible]	10.23	4.93	193.46	193.21	193.94	134.46
10 Other Industrial Materials (20)	[illegible]	[illegible]	[illegible]	[illegible]	16.36	23.48	1029.11	1017.38	1014.79	744.51
21 CONSUMER GROUP (177)	[illegible]	[illegible]	[illegible]	[illegible]	14.72	14.71	759.65	755.92	752.12	563.66
22 Brewers and Distillers (23)	[illegible]	[illegible]	[illegible]	[illegible]	14.42	13.92	780.26	776.80	775.16	534.12
25 Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	11.90	13.66	552.93	553.71	550.38	465.14
26 Food Retailing (14) … 99 ALL-SHARE INDEX (734)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE 100 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Thurs Nov 7	Day's change %	Wed Nov 6	xd adj. today	xd adj. 1985 to date	AVERAGE GROSS REDEMPTION YIELDS	Thurs Nov 7	Wed Nov 6	Year ago (approx.)
British Government 1 5 years… 8 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 60,596

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing Price p	+or−	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+or−
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+or−
55	F.P.	27/11	[illegible]	[illegible]	Brasway 10p	[illegible]	[illegible]
60	F.P.	21/11	[illegible]	[illegible]	Crowther (J)	[illegible]	[illegible]
105	Nil	5/12	[illegible]	[illegible]	Fisher (Albert) 5p	[illegible]	[illegible]
100	Nil	[illegible]	[illegible]	[illegible]	Garfunkels Rest. 10p	[illegible]	[illegible]
225	F.P.	6/12	[illegible]	[illegible]	ML Hldgs	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (115)

LOANS (1), BANKS (7), BREWERS (8), BUILDINGS (7), CHEMICALS (1), STORES (6), ELECTRICALS (2), ENGINEERING (6), FOODS (1), HOTELS (1), INDUSTRIALS (16), INSURANCE (1), LEISURE (2), NEWSPAPERS (1), PAPER (2), PROPERTY (7), SHOES (1), TEXTILES (2), TRUSTS (28), OILS (1)

NEW LOWS (41)

AMERICANS (1) Rockwell Intl.; BANKS (1) Gerrard & Natl.; BUILDINGS (1) Finlan (John); CHEMICALS (1) Hickson Intl.; ELECTRICALS (11) AB Electronic, Acorn Computer, Brown Boveri Kent, Compsoft, Grosvenor Group, Microlease, [illegible]; ENGINEERING (1) Braithwaite; INDUSTRIALS (5) Boot (Henry), Neill & Spencer, Pritchard Services, [illegible]; NEWSPAPERS (1) Portsmouth Sunderland; PAPER (2) Craton Lodge, [illegible]; PROPERTY (1) York Mount; SHIPPING (1) Sea Containers; TRUSTS (1) Yule Catto; OILS (4) Carless Capel, Genoa Res., Petranol, [illegible]; PLANTATIONS (1) Anglo-East Plants.; MINES (5) Rustenburg Plat., Zambia Copper, East Rand Cons., [illegible]

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
BAT Inds.	20	[illegible]	[illegible]
Bank Scotland	17	440	+15
Exco Intl.	16	228	+3
Plessey	16	140	+10
Brit. Aerospace	14	136	+3
[illegible]	14	[illegible]	[illegible]
Jaguar	14	318	+6
[illegible]	[illegible]	[illegible]	[illegible]
Barclays	13	431	+8
Buckleys	13	[illegible]	[illegible]
Lloyds Bank	13	476	+22
[illegible]	[illegible]	155	+7

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Blue Circle	573	−9
BP	560	−3
Brown (Matthew)	478	+15
Burmah Oil	[illegible]	[illegible]
Cable & W'less	613	+13
European Ferries	153	+3
Jaguar	321	+3
LASMO	247	+5
Mercury Securities	700	+35
Norsk Hydro	[illegible]	[illegible]
Prudential	731	−22
Shell Transport	670	−10

OPTIONS

Stocks to attract money for the call included Kia Ora Gold, C. H. Bailey, Underwoods, Brunswick Oil, West Coast, Nolton Estates, Energy Capital, ICC Oil and Gas, Saville Gordon, Shaw Carpets, A. Walker, Burmah Oil, Ryan Hotels, SI Group, Bairstow Eves, Trusthouse Forte, Atlantic Resources and Barker and Dobson. Puts were arranged in Boustead, Hepworth, Eglinton and Carr-Price, but no double options were reported.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns, Dom and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	271	352	854
Financial and Props	144	70	350
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

LONDON TRADED OPTIONS

Option	Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

November 7 Total contracts 11,568 Calls 7,788 Puts 3,780

*Underlying security price

WORLD STOCK MARKETS

AUSTRIA

Nov. 7	Price Sch	+ or —
Creditanst'lt ppd	375	+5
Goesser	482	+7
Interunfall	1,425	—10
Laenderbank	344	......
Perlmooser	622	......
Stey-Daimler	147	......
Veitscher Mag	770	......

BELGIUM/LUXEMBOURG

Nov. 6	Price Frs.	+ or —
B.B.L.	2,550	......
Banq. Gen. Lux	8,700	+150
Banq. Int.A.Lux	8,100	......
Bekaert	7,810	+210
Ciment CBR	2,850	—20
Cockerill	213	+3
Delhaize	8,610	......
EBES	3,750	......
Electrobel	10,800	......
Fabrique Nat.	2,180	—30
GB Inno BM	5,130	—20
GBL (Brux)	2,630	—40
Gevaert	4,640	—10
Hoboken	5,670	—10
Intercom	2,800	+20
Kredietbank	10,700	+450
Pan Hldgs	9,500	......
Petrofina	6,750	60
Royale Belge	17,100	—100
Soc. Gen. Banq	4,400	—45
Soc. Gen. Belge	2,290	—25
Sofina	8,200	—220
Solvay	5,780	—50
Stanwick Intl	1,170	......
Tractionel	4,800	170
UCB	5,280	—210
Wagon Lits	4,160	+10

DENMARK

Nov. 7	Price Knr %	+ or —
Andelsbanken	353	—1
Baltic Skand	570	......
Cop Handelsb'nk	333	—2
D. Sukkerfab	475	......
Danske Bank	372	+2
De Danske Luft.	1,480	......
East Asiatic	239	—6
Forenede Brygg.	1,075	......
Forenede Damp.	233	—6
GNT Hld	655	......
I.S.S.B.	590	—25
Jyske Bank	710	......
Novo Inds	1,220	+15
Privatbanken	322	......
Provinsbanken	470	......
Smidth (F.L.) B	308	—7
Sophus Berend	1,105	......
Superfos	385	7

FRANCE

Nov. 7	Price Frs.	+ or —
Emprunt 4½% 1973	1,556	—9
Emprunt 7% 1973	7,930	—70
Accor	275	—1
Air Liquide	579	+22
BIC	475	—7
Bongrain	1,524	+54
Bouygues	800	+2
BSN Gervais	2,350	+1
CIT Alcatel	1,405	+50
Carrefour	2,478	+53
Club Mediter'n	463	—3
Cie Bancaire	730	+18
Cofimeg	295	......
Damart	1,765	+50
Darty	1,712	+18
Dumez S.A.	785	+10
Eaux (Cie Gen)	583	—1
Elf-Aquitane	198	+2.9
Essilor	1,964	+29
Gen.Occidentale	690	+10
Imetal	80.6	+2.55
Lafarge Coppee	584	+4
L'Oreal	2,435	+40
Legrand	2,876	—75
Maisons Phenix	179	+5
Matra S.A.	1,435	—45
Michelin B	1,845	+25
Midi (Cie)	3,470	+20
Moet-Hennessy	2,055	+80
Moulinex	63	......
Nord Est	111.7	+4.2
Pernod Rica	747	+11
Perrier	469	+6
Petroles Fra	352	—5
Peugeot S.A.	398	+5
Printemps (Au)	295	+8.5
Radiotech	350	......
Redoute	1,642	+47
Roussel-Uclaf	1,465	+25
Sefimeg	353	......
Skis Rossignol	1,405	—35
Telemec Elect	2,575	+20
Thomson (CSF)	612	+1
Valeo	262	+3.5

GERMANY

Nov. 7	Price Dm.	+ or —
AEG	251	—3
Allianz Vers	1,815	—5
BASF	265.5	3.5
Bayer	260	3
Bayer-Hypo	435.5	+8.5
Bayer-Verein	443	+3
BHF-Bank	432	+2
BMW	560	+5
Brown Boveri	294.5	—2.5
Commerzbank	275.7	+0.2
Cont'l. Gummi	165.5	—1.5
Daimler-Benz	1,223	+66
Degussa	461	—4
D'sche Babcock	232	—4
Deutsche Bank	717.2	+3.2
Dresdner Bank	347	—1
GHH	223.5	2.5
Henkel	420	......
Hochtief	910	......
Hoechst	257	—5
Hoesch Werke	168.5	+2.9
Holzmann (P)	510	—5
Horten	210.5	+0.5
Hussel	370	—5
Karstadt	291	+4
Kaufhof	319	+4.5
KHD	332	+7
Kloeckner	98.2	+0.2
Linde	599	+4
Lufthansa	220	—7
MAN	211	......
Mannesmann	261.5	+1.5
Mercedes Hld	1,119	+61
Metallgesell	301	—7
Muench Rueck	2,210	—140
Nixdorf	571.5	—5.7
Porsche	1,260	—40
Preussag	246	—14
Rhein West Elect	206	—4.5
Rosenthal	296	—3
Schering	636.5	—0.5
Siemens	673	+4
Thyssen	180.5	+4.5
Varta	290	......
Veba	273	+2.5
V.E.W	145	......
Verein-West	358	......
Volkswagen	414	+5.5

ITALY

Nov. 7	Price Lira	+ or —
Banco Com'le	24,900	—110
Bastogi-IRBS	434	+3
Centrale	3,750	—60
C.I.R.	6,256	—29
Credito Italiano	3,215	—45
Fiat	4,680	+54
Generali Assicur.	85,700	+500
Italcementi	50,950	+100
La Rinascente	1,000	+20
Montedison	2,390	—33
Olivetti	7,500	+65
Pirelli Co	6,540	+41
Pirelli Spa	3,380	+30
Saipem	7,000	......
Snia BPD	4,329	+117
Toro Assic	22,640	+530

NETHERLANDS

Nov. 7	Price Fls	+ or —
ACF Holding	246	......
AEGON	105.3	+0.5
Alhold	276.5	1.5
AKZO	187.6	—1.8
ABN	544.5	—7.5
AMEV	76.8xc	—0.3
AMRO	98.5	—0.7
Bredero Cert	172	—1
Bos Kalis Westm.	15.9	—0.1
Buehrmann-Tet.	119	—4
Calland Hlgs	27.5	......
Dordtsche Pet'm	171.5	—3.7
Elsevier-NDU	147.5	+0.2
Fokker	79.5	—1
Gist Brocades	242.5	—2.5
Heineken	189.5	+0.2
Hoogovens	73	—0.3
Int Mueller	64.5	+1
KLM	54.5	—0.7
Naarden	54	+0.7
Nat Ned Cert	79.8	+0.6
Ned Mid Bank	218	—4
Nedlloyd	184.2	—1.8
Oce Grinten	354.5	+0.5
Ommeren (Van)	26.4	—0.2
Pakhoed	78.4	—0.1
Philips	52.9	+0.1
Robeco	79.1	+0.4
Rodamco	135.4	—0.1
Rolinco	71.8	+0.5
Rorento	47.1	+0.1
Royal Dutch	182.5	5.9
Unilever	380	—3
VMF Stork	243.5	1.5
VNU	260	—5.5
Wessanen	236.2	+0.5
West Utr Bank	95.6	+0.1

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Prices at 2.30pm November 7

Sales	Stock	High	Low	Close	Chng
[illegible]					
134205	Nor Tel	$45⅞	45⅜	45½	+⅜
6800	Northgat	435	425	430	+5
58882	Nva AltA f	$6¼	6⅛	6⅛	—⅛
400	Nowsco W	$18¼	17½	18	+½
31280	Nu West	39	38	39	+1
8300	Numac	$12¼	12⅛	12¼	+¼
2808	Oakwood	$8½	8⅜	8⅜	—⅛
44742	Oakwd A f	$7	7	7	
5000	Ocelot B f	$7⅝	7½	7⅝	+¼
500	Omega Hyd	$7½	7⅜	7½	+¼
2142	Oshawa A f	$33¼	33	33	—¼
10200	Pacif Airl	$13¾	13½	13¾	+⅛
3864	Pgurin A f	$10	9⅞	10	
13200	Pamour	$9½	9⅜	9⅜	—¼
500	PanCan P	$34½	34⅛	34⅛	—⅜
700	Pegasus	$8⅝	8⅝	8⅝	
200	Pembina	$17¾	17¾	17¾	
3050	PJewl A f	$9⅝	9½	9½	—½
108	Pine Point	$20½	20½	20½	
104140	Placer D	$22⅛	21⅞	22	
10050	Poco Pet	$9⅜	9¼	9¼	—⅛
44300	Powr Cor f	$19⅛	18⅞	19	
2500	Precamb	460	460	460	
9100	Provigo	$13¼	13⅛	13¼	+¼
1500	Que Sturg	415	415	415	
600	Quebecor	$11¾	11½	11¾	+¼
70350	Ranger	$5½	5¼	5⅜	—⅛
400	Rayrock f	$7½	7½	7½	
3450	Redpath	$14	13¾	13¾	—¼
2400	Regionl R	410	405	405	+15
450	Rio Algom	$22	22	22	
200	Rogers A	$11⅛	11⅛	11⅛	—⅛
6462	Rogers B f	$13⅞	13¾	13⅞	
500	Roman	$12	12	12	
59493	Royal Bnk	$32⅞	32½	32¾	+⅛
3592	RyTrco A	$21¼	21⅛	21¼	+⅛
[illegible]					
15550	Versa A f	360	340	350	—10
4960	Versa B	365	350	360	
3450	Vestgron	400	330	390	—15
2700	Vulcan Ind	230	222	230	+8
1300	Wajax A	$15	15	15	
123387	Walker H	$34	33⅜	33⅝	+⅛
7430	Walburne	$17⅜	17⅛	17¼	
10910	Wcoast T	$17	16⅞	17	—⅛
5100	Westmin	$12½	12¼	12½	
508	Weston	$98	95	98	+2
208003	Woodwd A	$6¾	6⅝	6¾	—⅛
800	Yk Bear	$7⅝	7½	7½	—⅛

F—No voting rights or restricted voting rights.

MONTREAL

Closing prices November 6

Sales	Stock	High	Low	Close	Chng
75903	Bank Mont	$32⅞	31⅝	32⅛	+¼
1038	BombrdrA	$13¾	13½	13¾	+¼
3188	BombrdrB	$14	13½	13¾	+¼
3850	CB Pak	$23⅛	23	23	
40291	Cascades	$11½	11¼	11½	—⅛
15000	ConBath	$16	15⅞	16	
2573	DomTxtA	$13⅛	12¾	12¾	—⅛
28807	Gaz Metro	$12¼	12⅛	12⅛	
600	MntTrst	$16¼	16	16	—¼
146261	NatBk Cda	$21¼	21	21½	+¼
20400	Power Corp	$19¼	19⅛	19	—⅛
1200	RollandA	$18¼	18	18¼	+¼
29520	Royal Bank	$32⅞	32⅝	32½	+⅛
3788	RoyTrstco	$21¼	21⅛	21¼	+⅛
5682	SteinbrgA	$32¾	31	32¼	+1⅛

Total Sales 2,806,686 shares

Indices

NEW YORK—DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

TORONTO

	Nov 7	Nov 6	Nov 5	Nov 4	1985 High	1985 Low
Metals & Minls	1,827.2*	1,823.8	1,783.5	1,788.19	2180.7 (13/2)	1788.4 (23/10)
Composite	2,738.8*	2,728.7	2,709.5	2,708.14	2818.9 (30/8)	2348.5 (8/1)
MONTREAL Portfolio	132.13*	131.45	130.72	130.33	130.33 (19/7)	117.08 (4/1)

* Indicates pre-close figure

	Nov. 7	Nov. 6	Nov. 5	Nov. 4	1985 High	1985 Low
AUSTRALIA						
All Ord. (1/1/80)	1002.0	1006.8	1014.6	1015.5	1052.2 (25/10)	715.5 (7/1)
Metals & Minls. (1/1/80)	501.1	498.4	502.2	501.9	583.6 (20/5)	362.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	99.82	99.45	99.17	98.81	105.75 (17/8)	58.21 (24/1)
BELGIUM						
Brussels SE (3/1/80)	2820.89	2815.68	2831.48	2853.22	2853.22 (4/11)	2090.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	229.52	231.01	232.46	229.18	237.57 (24/10)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	228.6	225.0	224.2	222.9	253.1 (31/5)	180.8 (3/1)
Ind Tendance (28/12/84)	130.5	128.5	127.2	126.0	130.5 (7/11)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	597.04	598.16	594.91	600.44	600.44 (4/11)	382.39 (3/1)
Commerzbank (1/12/53)	1771.6	1769.2	1729.7	1781.4	1781.4 (4/11)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1721.93	1709.78	1692.71	1702.19	1721.93 (7/11)	1220.74 (2/1)
ITALY						
Banca Comm Ital. (1972)	414.09	412.78	411.46	414.57	414.57 (4/11)	228.56 (2/1)
JAPAN**						
Nikkei (16/5/49)	12851.2	12892.4	12820.7	(c)	13055.5 (15/10)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1016.81	1022.25	1019.38	(c)	1057.58 (10/7)	916.93 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	231.8	233.0	229.8	228.7	233.8 (6/11)	185.6 (3/1)
ANP-CBS Indust (1970)	209.4	210.1	207.2	206.5	210.1 (6/11)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	389.45	395.16	399.60	392.19	399.60 (5/11)	288.18 (2/1)
SINGAPORE						
Straits Times (1966)	781.26	769.68	767.60	763.69	852.65 (7/3)	717.90 (15/7)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1088.5	1099.4	1125.7	1140.8 (15/4)	829.3 (5/6)
JSE Indust (28/9/78)		939.4	958.6	942.8	1036.8 (16/7)	767.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	126.05	125.77	124.42	124.41	126.05 (7/11)	101.48 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1503.54	1505.58	1499.15	1478.98	1585.58 (6/11)	1285.32 (9/7)
SWITZERLAND						
Swiss Bank Cpn (31/12/58)	526.8	518.1	515.2	512.4	526.8 (7/11)	356.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	—	256.3	254.7	234.4	236.3 (6/11)	184.8 (4/1)

** Saturday November 2: Japan Nikkei 12,809.98. TSE 1,018.57.

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrials—264.3, and Australia, All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON Chief price changes (In pence unless otherwise indicated)

RISES		
Akroyd & Smith	510	+15
Amber Industrial	145	+21
Anglo Am. Gold	£37¾	+5¾
Brown (Matthew)	478	+15
Cable & Wireless	613	+13
EMAP A	168	+13
Grattan	374	+12
Hill Samuel	365	+10
Lawtex	103	+10
Mercant House	297	+19
Mercury Secur	700	+35
Robinson Thom.	160	+7
Somportex	143	+10
Southend Stad	71	+4
Tate & Lyle	518	+13
Tesco	295	+5
Vaux	395	+12

FALLS		
Ex 12pc '13-17	£117	—½
AB Electronic	185	—10
BICC	235	—11
Blue Circle	573	—9
Brit Home St	313	—14
ICI	662	—7
Legal & General	713	—17
Manch'r Sh. Can	485	—23
Prudential	731	—22
Reckitt & Colman	590	—23
Rugby Port. Cem.	138	—5½
Shell Trans	670	—15

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Stock | Sales (Hnds) | High | Low | Last | Chng

Continued from Page 45

[illegible]

Prices at 3pm, November 7

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24⅜	16	AAR	.56	2.4	15	30	23⅛	23	23⅛	+¼
17⅜	9¾	AGS			13	138	16⅞	16½	16¾	+⅜
50¾	29¾	AMR			7	6706	41½	40½	41⅛	+⅝
23¾	18⅝	AMR pf2.18		9.3		60	23½	23½	23½	−⅛
25⅞	23	ANR pf2.67		11.		4	24	24	24	−⅛
13¾	7⅝	APL				10	9⅞	9⅞	9⅞	
61⅛	33¾	ASA	2	5.8		447	35¾	34¾	34¾	−⅝
27	10½	AVX	.32	2.9		337	11⅝	10⅞	11⅛	
28⅛	19¼	AZP	2.72	11.	7	399	24⅞	24¾	24⅞	
60	38⅝	AbtLab 1.40		2.3	16	1559	u60⅝	59⅝	59¾	+⅛
25⅞	19⅝	AccoWd .50		2.2	17	11	22¾	22¾	22¾	−⅛
24¾	11⅛	AcmeC .40		3.6		100	11¼	d10⅞	11	−¼
10½	7	AcmeE .32b		4.5	11	4	7⅛	7⅛	7⅛	
19	15½	AdaEx 1.92e		11.		33	17¾	17⅝	17¾	+⅛
20	13½	AdmMl .40		2.0	8	24	19¾	19¾	19¾	
14⅞	8⅝	AdvSys .53t		3.8	20	24	14⅛	14	14⅛	
36⅝	22⅛	AMD			36	3495	24⅞	24⅝	24⅝	−⅛
11⅛	10¾	Adobe n				70	10¾	10¾	10¾	−⅛
15⅛	14⅝	Adob pfA				102	14⅞	14¾	14⅞	
16⅝	15¼	Adob pfB				174	16⅝	16¼	16⅝	+⅛
12⅞	6⅞	Advest .12		1.2	14	189	9⅞	9½	9¾	
14¼	9	Aeflex			13	48	14¼	14⅛	14⅛	−⅛
53	34⅝	AetnLf 2.64		5.3	16	2224	51⅜	49⅞	50¼	−⅞
57½	53¼	AetL pf5.41e		9.7		38	56⅛	55⅝	55⅞	−¼
38⅝	22⅛	Ahmns 1.20		3.2	6	6069	38	37	37¼	−¾
3⅝	2½	Aileen				20	2¾	2¾	2¾	
57	44½	AirPrd 1.48		2.7	12	778	55	54⅝	54⅝	−⅜
24⅜	17½	AirbFrt .60		3.0	11	27	19⅞	19⅝	19¾	−⅛
2⅞	1¼	AlMoa s .10e		5.7		136	1⅞	1⅝	1¾	
33⅜	29¼	AlaP pfA3.92		13.		47	31¼	30⅞	31¼	+⅜
8⅝	6¾	AlaP dpf.87		11.		59	8⅛	7¾	8	
82	68½	AlaP pf 9		11.		z780	82	80	82	+2
88	70	AlaP pf9.44		11.		z400	88	85	88	+2¹
74	61	AlaP pf8.16		11.		z820	u75	73½	75	+3
76¾	60	AlaP pf8.28		11.		z20	72½	72½	72½	
26⅝	12¾	AlskAir .16		.8	8	2322	20½	20⅛	20⅛	
29	12½	Albrto s .38		1.4	21	337	28⅝	28	28⅛	+⅝
33¼	26⅜	Albtsns .76		2.5	12	217	30	29⅝	29⅞	+¼
31¼	22¾	Alcan .80		3.2	49	3655	25½	25⅛	25¼	+⅛
38⅞	27⅛	AlcoStd 1.20		3.5	12	237	34½	34¼	34⅜	+⅛
32	21	AlexAlx 1		3.3		755	30¾	30⅜	30½	−⅛
89½	72¼	AllgCo 1.54t		1.9	21	155	83¼	83	83	−¼
28¾	20¼	AlgInt 1.40		5.7		202	24⅞	24½	24⅝	−¼
98	85½	Algl pfC11.25		12.		3	94⅞	94⅞	94⅞	
34⅜	28⅛	AllgPw 2.70		8.4	9	732	32½	32	32	
24	16¼	AllenG .60b		2.6	12	23	23	22⅞	23	
23¼	15⅞	AlldPd			12	328	19⅜	18⅝	19	−¼
45	42	AldSgnn 1.80		4.1	9	2667	44¼	43⅞	44	+⅛
63	58¾	AldS pfC6.74		11.		21	60⅝	60¼	60¼	−⅝
111	104¾	AldS pfD 12		11.		9	104½	d104	104½	−¼
103	101⅜	AldS pfF				5	103	103	103	+⅛
63	47¾	AlldStr 2.20		3.6	8	3570	62	60⅞	61½	−⅛
9½	3¼	AllisCh				137	3¾	3½	3½	
30⅛	22¾	ALLTL 1.96		6.7	9	25	29½	29⅛	29⅛	−⅜
39⅞	29¾	Alcoa 1.20		3.6	31	1583	33⅝	33	33⅝	+¼
19⅝	10½	Amax .10j				723	11¼	10⅞	11⅛	+⅜
38	29	Amax pf 3		10.		1	29⅛	29⅛	29⅛	
34	22¾	AmHes 1.10		3.8	24	1226	29⅜	28⅞	29	−⅜
140½	98⅛	AHes pf3.50		2.8		1	127	127	127	−1
2¾	1⅜	AmAgr				79	1½	1⅜	1⅜	−⅛
25¾	16	ABakr			10	383	25⅝	25½	25½	+½
70	53½	ABrand 3.90		6.8	8	663	57⅝	56⅝	57⅝	+⅛
30½	25¾	ABrd pf2.75		9.2		8	30⅛	30	30	−⅛
70⅝	54⅞	ABrd pf2.67		4.6		4	57¾	57	57¼	+¼
118⅝	56½	ABdcst 1.60		1.3	20	181	u118¾	118½	118¾	+⅜
30⅛	20¼	ABldM .86		3.7	14	28	23½	23⅜	23½	+⅛
28½	20½	ABusPr .64		2.2	14	47	u29	28¼	28¾	+⅜
62	47¾	AmCan 2.90		4.9	12	2639	u63¼	59⅝	59⅝	−2¹
25¾	22¼	ACan pf2.80		11.		144	24¾	24½	24⅝	+⅛
54	42	ACan pf 3		5.6		241	u55½	54	54	
114¼	103	ACan pf13.75		12.		2	113	113	113	−¼
21½	18	ACapBd 2.20		10.		39	21¼	21	21	−⅛
30⅞	25¾	ACapCv 2.51e		9.3		13	27	26½	26⅞	−⅛
11	5⅝	ACentC			32	5⅝	d	5¼	5¼	−¼
57⅜	44½	ACyan 1.90		3.5	15	771	54	53⅝	53⅝	−¼
29¾	19¾	ADT .92		3.2	27	371	29⅜	28⅞	29⅛	−⅜
24⅞	19⅞	AElPw 2.26		10.	9	2011	22⅛	22	22	−⅛
49⅜	34¼	AmExp 1.36		2.9	15	9240	47⅜	46¾	46⅞	−⅜
28⅝	14¼	AFaml s .48		1.7	16	1824	27¾	27⅜	27½	+⅛
36¼	23⅝	AGnCp 1		3.1	9	2914	32½	32¼	32¼	−⅛
16	8	AGnl wt				105	12¾	12⅝	12¾	+⅛
71¾	47¾	AGn pfD2.64		4.1		131	65⅛	64¾	64¾	
36⅜	28	AHerit 1.20		3.6	10	13	33½	33½	33½	
13⅛	7½	AHoist				36	9⅜	9⅛	9⅛	−⅛
66⅞	48	AHome 2.90		5.0	12	2048	58¾	58	58¼	−¼
48⅛	26¼	AHosp 1.12		2.4	16	3855	46⅝	45¼	46⅛	−⅝
97⅛	73	AmrIch 6.60		6.9	9	431	96¼	94⅞	95	−⅛
94½	62	AInGrp .44		.5	24	1723	u95	93½	94	−½
157	114	AIGp pf5.85		3.7		455	156½	156½	156¼	−¾
26⅝	16	AMI .72		3.7	10	2123	19¾	19⅛	19¼	−⅜
4½	2¾	AmMot				589	2⅞	2¾	2¾	
29	13⅞	APresd s .50		3.2	6	296	16	15⅝	15¾	+⅛
13⅞	5	ASLFla			13	187	8¼	8	8⅛	−⅛
18½	12¼	ASLFl pf2.19		13.		267	16½	16⅜	16⅜	
15⅝	11⅛	AShip .80		6.8	8	47	11¾	11⅝	11¾	+⅛
35⅜	26¾	AmStd 1.60		5.2	10	1188	30¾	30⅜	30½	+¼
67½	35⅝	AmStor .64		1.0	11	204	65⅝	64½	64½	−1
78	46⅛	AStr pfA4.38		5.8		8	75¾	75½	75¾	+¼
58⅜	51	AStr pfB6.80		12.		1	58	58	58	+¼
24⅝	18	AT&T 1.20		5.8	15	12384	20¾	20⅝	20⅝	−⅛
41½	33	AT&T pf3.64		8.9		383	u41⅝	41⅛	41⅛	−⅜
42	34	AT&T pf3.74		8.9		466	u42¼	41⅞	42	+⅛
28⅜	17	AWatr s 1		3.5	9	260	u28⅞	28¼	28¼	−⅛
13¼	10	AWat pf1.25		10.		z150	12¼	12¼	12¼	+⅛
28½	14	AmHoil 2.20		14.	7	62	16¼	15⅞	16	−¼
72½	61¾	ATr pr 5.64		8.1		19	69½	69¼	69½	+¼
18	6½	ATr sc				12	14⅛	13⅝	14	−⅛
89¼	69	ATr un 5.64		6.8		2	83	83	83	−⅜
44¼	26½	Ameron 1.60		3.7	8	17	43⅜	43⅛	43⅛	−⅜
50	24½	AmesD .20		.4	23	1351	49½	47¾	49	+1½
24¼	22⅞	AmeD wi				6	u24⅞	24⅜	24⅞	+⅝
29½	19⅞	Ametek .80		3.3	16	113	25	24½	24½	−¾
28⅝	18⅛	Amfac				149	23⅜	23	23⅜	+½
16	2¾	Amfesc				29	3	2⅞	3	
70⅛	50¼	Amoco 3.30b		5.0	9	2497	66⅞	66⅛	66¼	−½
37⅞	27½	AMP .72		2.2	28	886	32¼	32	32¼	−⅜
22⅞	11½	Ampco .30		2.4	15	5	12½	12½	12½	
23⅜	12⅜	Amrep			10	67	22¼	21¾	21⅞	−⅜
37⅝	22¾	AmSth 1.40		3.7	9	96	37⅝	37⅜	37½	−⅛
46⅝	31¼	Amsted 1.60		3.5	17	441	46⅝	46¼	46⅜	−⅛
4¼	1⅜	Anacmp				295	2¾	2⅝	2⅝	−⅛
24⅛	16¼	Anlog			21	258	20⅞	20⅝	20⅝	+¼
27⅝	19¼	Anchor 1.48		5.9		34	25⅜	25⅛	25⅛	−¼
46¼	31⅝	AnClay 1.32		3.0	33	184	44½	44¼	44⅜	+⅛
14	8¾	AndrGr .24		1.8	15	92	13¾	13½	13½	−¼
27¼	17	Angelic .60		2.4	14	22	25⅛	24⅞	25	−⅛
39⅝	23¼	Anheus .80		2.2	13	2858	36⅞	36½	36⅝	−⅛
78	52	Anheu pf3.60		4.8		76	74¼	73¾	74¼	+¼
19¼	13½	Anixtr .28		1.6	18	151	17¾	17½	17½	−¼
16¾	10	Anthem .04		.3	23	379	12¾	12⅜	12½	
15½	10⅞	Anthny .44b		3.3	8	24	13¼	13¼	13¼	−⅛
12½	9⅞	Apache .28		2.4	11	361	12	11⅞	11⅞	
2	½	ApchP wt				521	1⅛	1	1	
19⅞	15⅛	ApchP un2.10		11.		800	19⅝	19⅛	19½	+¼
74¼	60¾	ApPw pf8.12		11.		z2020	73⅝	73½	73⅝	−⅜
34⅜	30¼	ApPw pf4.18		13.		5	32⅞	32½	32⅞	+¼
39½	15⅝	ApIDta 1.76t		8.6	36	157	20⅝	20	20⅝	+⅜
15½	8½	ApplMg			28	42	13⅛	13	13	
24¾	16¾	ArchDn .14b		.6	13	2806	23⅛	22⅞	23⅛	+⅛
31½	26½	AriP pf 3.58		12.		20	30¼	30	30⅛	+⅛
26¾	14	ArkBst .60		2.3	9	97	u27⅛	26½	26½	−⅛
24¼	16	Arkla 1.08		5.5	22	1228	20	19½	19¾	−⅛
15-16	¼	ArlnCp				98	7-16	7-16	7-16	
11⅞	6¾	Armco				524	9	8¾	8⅞	
22½	15½	Armc pf2.10		11.		8	20	19⅞	20	+⅛
24⅛	13½	ArmsRb .48		3.4	9	85	14⅛	14	14⅛	
39¾	28¼	ArmWin 1.30		3.3	10	1873	39¾	39	39	+⅛
34⅞	23¾	AroCp 1.20		3.5	12	9	34¾	34¾	34¾	
18¼	11¼	ArowE .20		1.6		16	12⅛	12	12⅛	+⅛
30¼	16	Artra .22		1.0	125	18	21¼	21¼	21¼	−¼
27⅝	16¾	Arvin s .80		3.0	10	320	u28	26¾	27	−⅜
64½	40½	Arvin pf 2		3.1		2	u65	65	65	+½
27¾	15⅞	Asarco				180	16⅛	d15¾	15⅞	−⅛
37	23¾	AshlOil 1.60		4.4	9	79	36	35¾	36	+¼
46	37⅞	AshlO pf4.50		9.7		202	u46¼	45⅝	46¼	+¼
44¼	35	AshlO pf3.96		9.3		4	42⅝	42⅝	42⅝	−⅜
38	24½	AsdDGs 1.40		3.8	12	264	37¾	37⅛	37⅛	−¼
120⅝	79	AsdD pf4.75		4.0		10	120	119¼	119¼	+¼
23½	16⅜	Athlone 1.60		9.1	9	40	17½	16½	17½	+1
29¾	23¾	AtCyEl 2.58		9.1	10	414	28½	28¼	28¼	−⅛
67⅛	42	AtlRich 4		6.3		3571	63¾	63¼	63⅝	−½
160¼	100⅝	AtlRc pf2.80		1.8		1	152	152	152	−2¼
17¾	10⅛	AtlasCp				20	11⅛	11½	11½	−½
29½	18¾	Augat .40		1.8	26	108	22⅞	22½	22⅝	+¼
56¼	35⅛	AutoDt .68		1.2	22	389	55¼	54¼	55¼	+¼
5¼	4¼	Avalon n .05e		1.0	9	63	4⅞	4⅞	4⅞	
35¼	17½	AVEMC .60		1.7	15	4	u35¼	35¼	35¼	+⅛
39⅜	28¼	Avery .68		1.9	14	345	35	33¾	35	+1¼
25	10	Aviall			13	3	24⅞	24⅞	24⅞	
38¼	27	Avnet .50		1.6	30	304	32¼	32	32	+⅛
27⅛	17⅜	Avon 2		7.3	14	4642	u27½	26⅞	27½	+⅝
28⅜	16⅛	Aydin			17	99	20	19¾	19⅞	−⅛
		B B B								
14¼	6¾	BMC .13j				341	7¼	7⅛	7⅛	−⅛
35½	21¼	Bairnco .60		2.5	10	99	24⅛	24	24	+⅛
18⅞	15	BkrIntl .92		5.7	13	2188	16¼	15⅞	16⅛	+⅛
24¾	18⅜	Baldor .36		1.8	14	4	20	20	20	
2½	⅝	vjBaldU				103	1¼	1⅛	1⅛	
10	2⅜	vjBldU pf				33	3⅞	3½	3½	−⅜
30¾	20⅝	Ball s .72		7.5	13	110	29⅜	28⅝	29¼	+¾
18⅝	11⅛	BallyMf .20		1.3		882	15⅛	14⅞	15⅛	+⅛
11⅞	7⅜	BallyPk			10	34	9⅝	9⅝	9½	
23¼	18¾	BltGE s1.70		7.7	8	263	22⅜	22	22⅛	−⅛
48	38½	Balt pfB4.50		9.6		z200	47	47	47	+½
24	15¾	BncOne s .80		3.4	11	157	23½	23⅛	23⅜	
10⅞	8⅝	BncCtrn .54e		5.5		7	9¾	9⅝	9¾	+¼
5⅝	1⅜	BanTex				106	2⅜	2¼	2⅜	
62	46⅝	Bandag 1.20		2.2	12	74	55	54⅝	54¾	−¼
55⅝	38⅝	BkBos 2.40		4.5	5	150	53⅝	53¼	53⅜	−¼
47½	31½	BkNY 2.28		5.1	7	161	44⅞	44½	44¾	
33¼	21½	BankVa s1.12		4.1	8	977	27¼	27	27	−¼
22¾	12⅞	BnkAm .80		5.5		x2915	14⅝	14⅜	14½	
47	39⅜	BkAm pf4.67e		12.		x53	39¼	d38⅝	39¼	+⅜
74½	61½	BkAm pf7.35e		12.		10	60⅝	d60⅝	60⅝	−1½
16½	13⅝	BkAm pf2.88				x189	15¼	14⅞	15⅛	+¼
32½	26¾	BkARty 2.40		8.6	12	31	28	27⅞	28	
75⅝	51⅜	BankTr 2.70		4.1	6	389	65½	65¼	65⅜	−⅛
27	21¼	BkTr pf2.50		9.4		256	26¾	26½	26⅝	+⅛
15⅝	9½	Banner .03e		.2	12	84	14⅝	14½	14⅝	
39½	19	Bard .56		1.4	15	163	38⅞	38⅝	38¾	+¼
25	19¾	BarnGp .80		3.5	16	245	22¾	22⅝	22⅝	−⅛
41⅝	25¾	Barnet s1.04		2.7	11	238	38⅝	37¾	38⅛	−½
28⅞	16⅞	BaryWr .60		3.1	15	63	19½	19⅛	19⅛	−⅛
13⅜	6¼	BASIX .12b		1.4	12	39	8⅞	8⅝	8⅞	
35⅝	24¼	Bausch .78		2.5	14	815	31⅜	30½	30⅞	−⅜
16⅞	11¾	BaxtTr .37		2.8	54	4548	13¼	13	13	−¼
34¾	25⅝	BayStG 2.60		8.4	11	13	31½	31⅛	31⅛	
22½	19½	BearStn				1021	20	19¼	19¾	+½
38¾	31¼	Bearing 1		3.0	13	17	33	33	33	+⅛
47	28	BeatCo 1.80		4.1	9	9468	44⅜	44⅛	44⅛	
86¾	52½	Beat pf 3.38		4.1		46	82⅜	82	82	
18¼	12⅛	Becor .44		3.2	105	101	13¾	13⅝	13⅝	
58⅜	36½	BectnD 1.20		2.1	15	492	57⅝	57	57½	+¾
7⅜	7-16	vjBeker				162	1	15-16	1	
17⅜	12½	BeldnH .40		2.8	11	31	14½	14⅜	14⅜	
37⅝	22⅞	BelHwl .62		2.0	11	405	32	31⅝	31⅝	+⅛
97	76⅜	BellAtl 6.80		7.3	9	1056	93½	92¾	93⅛	+⅛
33	25⅜	BCE g 2.28				210	31⅛	31	31	
26⅛	19⅝	BellInd .32		1.3	27	69	25⅜	24⅞	25¼	
44⅞	31½	BellSo s2.80		6.7	9	2620	42⅛	41⅞	42	+⅛
57	41½	BeloAH .80		1.7	23	179	46¼	46	46¼	−⅛
41¼	24⅛	Bemis 1		2.5	13	x29	40½	40	40½	+¼
45⅜	29⅛	BenfCp 2		4.4	11	1071	45⅝	45	45⅝	+⅛
40	31	Benef pf4.30		11.		5	39	38½	39	
201½	142¼	Benef pf5.50		2.7		z160	201½	201½	201½	
23½	18	Benef pf2.50		11.		240	22	22	22	
19⅞	16⅜	BenqtB 1.20		7.1		109	17⅛	17	17	
6⅛	3¼	BengtB .07j				95	4	3⅞	4	
9	3⅞	Berkey				58	6¾	6⅝	6¾	−¼
15	10⅝	BestPd .24		1.7	57	1002	14⅝	14¼	14¼	
21⅛	12½	BethStl .30j				717	14	13⅝	13¾	+¼
49⅛	36¼	BethSt pf 5		14.		163	37¼	36¾	36¾	−¼
24½	18⅛	BethSt pf2.50		13.		96	18⅞	18⅝	18¾	+⅛
40⅛	29	Beverly .32		.9	17	738	34½	33⅞	34¼	+¼
26⅜	19⅞	BigThr .80		3.3	37	124	24⅜	24⅛	24⅜	

Continued on Page 45

NYSE COMPOSITE PRICES

Continued from Page 44

[illegible]

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Chg
55½	35¾	Xerox	3	5.5	18	4678	54¼	53	54⅛	+⅞
30¼	24⅝	ZaleCp 1.32		4.6	13	509	29⅛	28¼	28⅝	−⅞
18	7¼	Zapata .12		1.4	63	954	9	8¼	8⅞	+⅜
58	32⅞	Zayre s .48		.8	18	313	u59	58	59	+1
25	16¼	ZenithE			863	454	17½	17¼	17¼	−¼
21⅞	15¾	Zero s .32		1.6	17	59	20¼	20	20	
41½	23⅝	Zurnin 1.32		3.4	15	225	39⅛	39	39¼	−⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, November 7

[illegible]

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

[illegible]

Continued on Page 43

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET
Enthusiastic blue chips are checked

HEAVY trading on Wall Street yesterday pulled blue chips down from the peak levels reached late in the previous session, *writes Terry Byland in New York.*

By mid-session the Dow Jones average had been dragged below 1,400 again as oil stocks were unsettled by lower profits at Royal Dutch/Shell. The broader market, however, was helped by news of higher sales at US stores during October.

At the close the Dow Jones industrial average was up 3.9 down at 1,399.54.

In the credit markets there was a cautious response to indications from Mr Paul Volcker, Fed chairman, that the Reserve Board might try to hold short-term interest rates down.

Mr Volcker's comments seemed to support Wall Street's hopes that US rates will come down as part of the plan to lower the dollar. But analysts were split in their interpretation of his letter to a senator, which some saw as suggesting that the Fed has slightly tightened policy.

An early rise in bonds was checked as traders watched the foreign exchange markets for signs of a further fall in the dollar.

In the stock market, the sharp drop in profits reported by Royal Dutch/Shell, the second largest international oil group, checked enthusiasm among blue chips. Royal Dutch, already sharply lower in European markets, fell $1⅞ to $61⅞ while Shell Transport & Trading, owner of 40 per cent of Royal Dutch, lost $1¼ to $38¼.

Other oil stocks gave ground in nervous trading, which left Exxon down $¼ at $52¾, Chevron $¼ lower at $37¼, Standard Oil of Ohio $⅛ easier at $51⅛ and Mobil off $⅝ at $30.

But the retail sector looked firmer after the release of the latest sales figures from the major stores. Sears Roebuck jumped $1 to $35⅝ and also headed the NYSE active list. Also firmer on the news was K mart, the discount leader, up $⅜ at $32¼, Federated Department Stores, up $½ at $67⅞, and J. C. Penney, up $⅝ at $49¼. Wal-Mart, a market favourite, gained $⅝ to $27⅛ after disclosing a one-third gain in sales in October.

Technology stocks, after leading the market for the past three sessions, looked irregular. IBM dipped $1 to $131⅞ in moderate turnover after proposing cuts in the workforce and in capital spending.

Another piece of bad news for technologies was the prediction of lower profits by M-A-Com, which tumbled $3½ to $13 in heavy trading.

But Digital Equipment added $⅛ to $115¾, and Honeywell, at $63⅞, gained $⅝. The semiconductor stocks continued to benefit from investment recommendations. National Semiconductor, at $11¾, added $⅛ in brisk turnover.

The sharp rise in the yen against the dollar was bad for stocks in Japanese companies, whose export prospects and profits repatriation will suffer. Matsushita Electric tumbled $1½ to $56¼, and Sony, at $18⅝, shed $¼.

There was some sharp profit-taking in pharmaceuticals, which have soared because of the benefits on overseas business of the falling dollar. Merck, the industry leader, fell $1¼ to $117⅞, Bristol-Myers lost $⅞ to $59⅝ and SmithKline Beckman $¼ to $69¾. But selling of the US drug stocks was light.

Chrysler eased $½ to $40⅞ as Wall Street scrutinised the corporate restructuring. Ford lost $½ to $47½, but General Motors held steady at $67⅛.

Union Carbide was heavily traded but settled below its best level at $60¾, with a net gain of $½. The domestic airline carriers continued to do well, led by American, $¾ up at $41¼ in another session of strong buying. But among the internationals, Pan Am dipped $⅛ to $8½ on increased selling by disappointed bid speculators.

At $47⅞, Boeing gained $⅞ on a big aircraft order. Also in the aerospace defence sector, General Dynamics rose $⅝ to 64½ on good results, and United Technologies at $40⅞ was $1⅛ up. FMC, the machinery and building materials group, gained $1 to $68½ on plans to recapture assets from the pension scheme.

The bond market, unsettled as the analysts strove to interpret Mr Volcker's words, steadied at mid-session. At the short end, rates edged higher again behind a relatively high federal funds rate although the Fed intervened strongly with five-day system repurchases when the rate touched 8⅜ per cent. Firmness in short-term rates has contrasted with falling yields in long-dated bonds over the past month.

TOKYO
Strong yen prompts rush to sidelines

CONCERN over the effect on the domestic economy of the yen's sharp rise against the dollar drove investors to the sidelines in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average shed 41.16 from the previous day to 12,851.24. Volume totalled 335m shares compared with Wednesday's 301m. Declines outnumbered advances by 440 to 331, with 169 issues unchanged.

Supported by record performances in the New York and London markets, stocks got off to a steady start, with Mitsubishi Estate, Nippon Yusen and Tokyo Electric Power drawing buy orders.

On the Tokyo foreign exchange market, the yen broke the Y203 barrier to the dollar, arousing fears that not only export-oriented companies but the Japanese economy would be adversely affected.

Nippon Yusen advanced Y5 at one stage on the strength of healthy growth in its property leasing operations but came under selling pressure later to close Y4 lower at Y378. The issue was the second busiest with 12.11m shares changing hands.

Mitsubishi Estate, the fourth most active stock with 8.09m shares traded, began firmly but ended at Y1,200, off Y20. Tokyo Electric Power finished at Y2,470, unchanged from the previous day, after gaining Y50 at one stage.

Meidensha Electric added Y4 to Y569 and Osaka Transformer Y3 to Y556. These issues were bought on the strength of increased capital spending by electric power companies.

Stanley Electric, a thyristor-related issue, gained Y28 to Y845, Nissin Electric Y36 to Y746 and Nippon Gakki Y40 to Y1,620.

Blue chips fared poorly as their earnings position could be hit by the strong yen.

Hitachi tumbled Y17 to Y686 on rumours that some non-residents had sold their holdings.

Fanuc shed Y100 to Y7,630, Sony Y80 to Y3,760, TDK Y60 to Y4,000 and Ricoh Y40 to Y1,050.

Leading institutional investors, such as life insurers and trust banks, are suffering huge book losses on dollar bonds due to the yen's appreciation while a plunge in bond futures prices dealt a severe blow to individual investors. As a result, fund-flows into the stock market remained modest. The majority view among brokerage houses is that this trend would continue for the time being.

Bond prices hardened although investors were still concerned over the market outlook. The yield on the benchmark 6.8 per cent government bonds maturing in December 1994 declined to 6,440 per cent from Wednesday's 6.490 per cent.

AUSTRALIA

THE LOWER Australian dollar and higher interest rates discouraged investors in Sydney again and trimmed 3.8 off the All Ordinaries index which closed at 1,002.0.

BHP sparkled with a rebound from an early loss of 12 cents to finish 8 cents ahead at A$8.38. The recovery was prompted by the end of its dividend reinvestment plan averaging period.

MIM was actively pursued adding 4 cents to A$2.46, and Western Mining managed a 3-cent gain to A$3.33. CRA settled 4 cents up on the day at A$5.52.

Banks suffered some profit-taking, with National Australia 12 cents down at A$4.70, Westpac 3 cents cheaper at A$4.72 and ANZ 2 cents off at A$5.02.

Media issue Fairfax shed 30 cents to A$7.40 while News Corp eased 20 cents to A$8.50.

EUROPE
Swiss scale yet more record peaks

WHILE most of Europe succumbed to profit-takers, domestic factors sent Zurich higher for the sixth consecutive session, registering records in most indices.

Financial and industrial stocks led the upturn which was based on optimism over lower Swiss interest rates and expectations of higher profits and favourable business prospects.

George Fischer rose SFr 15 to SFr 1,130, and Brown Boveri gained SFr 50 to SFr 1,950 while Elektrowatt put on SFr 65 to SFr 3,340.

In strongly firmer chemicals, Ciba-Geigy added SFr 65 to SFr 3,625 and Hoffmann-La Roche SFr 175 to SFr 11,100.

Swiss Re, which gave up SFr 125 on Wednesday, rebounded to finish SFr 150 ahead at SFr 12,850 on company comments that higher profits were expected in 1985 although underwriting losses would remain high.

Elsewhere in the insurance sector, Zurich Insurance gained SFr 25 to SFr 5,775 while Winterthur rose SFr 40 to SFr 4,900.

Bonds ended mixed with a firmer trend in moderate trading.

Confidence in the electronic sector, which is still responding to Tuesday's news of Thomson-CSF's share in the US military contract, maintained strength in Paris.

CIT-Alcatel added to its FFr 69 rise of the previous session to end at FFr 1,405, up FFr 56.

Other issues to advance included Moët-Hennessy, the champagne to rose-bush group, FFr 80 ahead at FFr 2,035, Air Liquide, up FFr 22 at FFr 579, and Redoute with a gain of FFr 47 to FFr 1,642.

Against the trend, Matra declined FFr 45 to FFr 1,435 – a year low – and Skis Rossignol fell FFr 35 to FFr 1,405.

Profit-taking withered early gains in a nervous Frankfurt.

Movement in the car sector was erratic, with Porsche tumbling DM 40 to DM 1,260, while Daimler surged DM 66 to DM 1,223, a new high for 1985. VW, which has been a market favourite all week, added DM 5.50 to DM 414.

Chemicals were sold. BASF shed DM 3.50 to DM 265.50, Hoechst dropped DM 5 to DM 257 and Bayer shed DM 3 to DM 260. Schering, previously seen as undervalued, held on to recent strong gains to drift only 50 pfg lower to DM 636.50.

Bonds were steady, with sentiment strengthened by the softer dollar and expectations of a further cut in domestic interest rates. The Bundesbank sold a moderate DM 23.3m worth of paper after selling a sizeable DM 148.1m during Wednesday's rally.

The rally in Amsterdam cooled yesterday as investors sought profits. Disappointing results from internationals brought on the selling.

Royal Dutch slid Fl 5.90 to Fl 182.50 after reporting a more than 50 per cent drop in third-quarter net income.

KLM, which also announced a fall in income for the second quarter, dropped Fl 1.70 on the news but managed to recover some of the lost ground to close at Fl 54.50, down 70 cents.

Consolidation continued in Brussels, and only banks, buoyed by optimistic earnings forecasts, and selected industrials edged ahead.

Wiremaker Bekaert, which has increased its stake in Computer Identics of the US, rose BFr 210 to BFr 7,810 while Petrofina lost BFr 60 to BFr 6,750 on weaker US and Dutch oil stocks.

Although a widely expected cut in interest rates failed to materialise, Stockholm slipped only slightly from its previous session's year-high.

Drug producer Fermenta continued to rise and closed SKr 7 up at SKr 109. Also active was Ericsson, SKr 9 up to SKr 206.

SKF shed SKr 9 to SKr 260 despite reporting a strong increase in nine-month earnings.

Milan continued higher; however, the trend was reversed in after-bourse trading as investors reacted to Prime Minister Craxi's comments on the Palestinians' armed struggle.

After trading, the Italian Treasury announced a half of a percentage point cut to 15 per cent in the central bank's discount rate effective today.

Madrid rose in thin trading.

SINGAPORE

SUSTAINED buying support and short-covering injected further strength to Singapore shares, and the Straits Times industrial index posted a 11.58 rise to 781.26.

Grand United Holdings, with 2.7m shares traded out of a total volume of 17.5m, was most active again and put on a further 10 cents to S$1.70. Pan Electric was also hotly pursued picking up 21 cents to S$1.61 as Arab Malaysian Development lost 1½ cents to 88 cents in relatively heavy volume.

LONDON
Royal Dutch puts brake on rally

THE POOR quality of Royal Dutch Shell's third-quarter results unsettled London equity markets yesterday and put a brake on the seven-day advance that has taken leading indices to record levels.

The FT Ordinary index retreated 7.8 to 1,073.5 while the broader-based FT-SE 100 index lost 10.2 to 1,384.8.

Among the most active issues were BP, 3p off at 580p, Shell Transport, 15p cheaper at 670p, Lasmo, 7p higher at 247p, and Norsk Hydro, £1 up at £14¾.

Gilts were nervously traded as sterling eased although a late rally erased some losses.

Chief price changes, Page 43; Details, Page 42; Share information service, Pages 40-41

CANADA

OIL AND GAS issues led the advance in Toronto despite some weakness in golds.

Hiram Walker Resources was actively traded but held steady at C$33½ while Bank of Nova Scotia, which has some loan exposure in the current world tin crisis, traded C$¼ lower to C$13⅞.

Industrials led the rally in Montreal with banks and utilities evenly matched in their gains.

HONG KONG

THE BULLISH tone that sparked life into Hong Kong on Wednesday continued yesterday giving a further boost to the Hang Seng index which added 21.17 to 1,721.93.

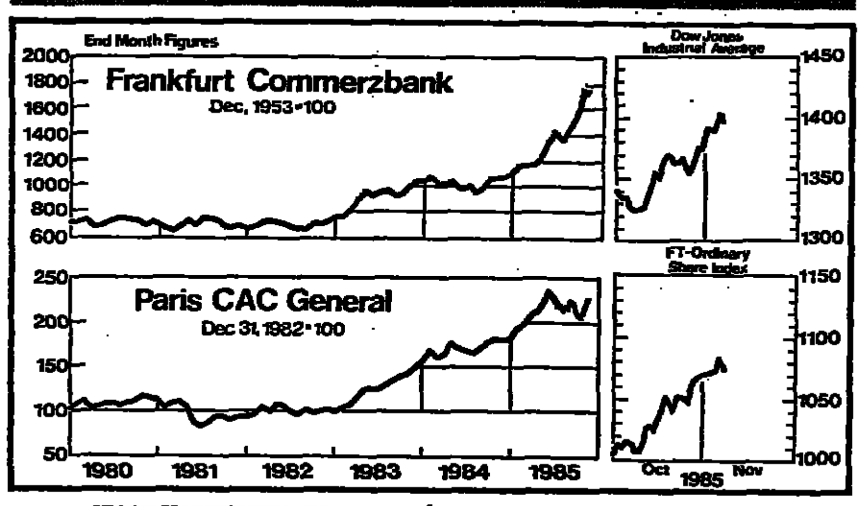
Utilities gained ground, with China Light 40 cents higher at HK$17.80, Hongkong Gas 50 cents ahead at HK$12 and Hongkong Telephone 10 cents stronger at HK$9.20.

SOUTH AFRICA

THE WEAKNESS in the bullion price forced an easier tone in Johannesburg gold shares, with other mining issues showing modest declines. Randfontein dropped R5 to R228, Free State Geduld R4 to R67 and Buffels R2.75 to 72.25.

The firmer bias in industrials resulted in a 35-cent gain for Barlow Rand at R11.35.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Nov 7	Previous	Year ago
DJ Industrials	1,396.90*	1,404.13	1,233.22
DJ Transport	673.34*	673.92	537.37
DJ Utilities	160.19*	160.70	146.18
S&P Composite	192.40*	195.75	169.17
LONDON			
FT Ord	1,073.5	1,081.3	893.0
FT-SE 100	1,384.8	1,395.0	1,157.3
FT-A All-share	675.20	678.20	546.94
FT-A 500	738.17	741.84	597.68
FT Gold mines	238.3	227.0	562.6
FT-A Long gilt	10.38	10.33	10.06
TOKYO			
Nikkei	12,851.24	12,892.40	11,178.50
Tokyo SE	1,016.80	1,022.20	853.98
AUSTRALIA			
All Ord.	1,002.0	1,005.8	777.7
Metals & Mins.	501.1	498.4	476.0
AUSTRIA			
Credit Aktien	99.82	99.43	57.87
BELGIUM			
Belgian SE	2,820.99	2,815.66	163.24
CANADA			
Toronto			
Metals & Minls	1,827.2*	1,823.8	2,026.0
Composite	2,730.9*	2,720.6	2,413.7
Montreal			
Portfolio	132.13*	131.45	119.90
DENMARK			
SE	229.52	231.01	171.19
FRANCE			
CAC Gen	228.6	225.0	181.4
Ind. Tendance	130.5	128.5	98.4
WEST GERMANY			
FAZ-Aktien	597.04	598.16	370.44
Commerzbank	1,771.6	1,769.2	1,087.7
HONG KONG			
Hang Seng	1,721.93	1,700.76	1,046.03
ITALY			
Banca Comm.	414.09	412.78	211.19
NETHERLANDS			
ANP-CBS Gen	231.8	233.0	178.3
ANP-CBS Ind	209.4	210.1	140.4
NORWAY			
Oslo SE	399.43	395.18	284.86
SINGAPORE			
Straits Times	781.26	769.68	838.17
SOUTH AFRICA			
JSE Golds	–	1,088.3	1,053.5
JSE Industrials	–	935.4	894.8
SPAIN			
Madrid SE	126.05	125.77	99.78
SWEDEN			
J & P	1,503.54	1,505.58	1,422.78
SWITZERLAND			
Swiss Bank Ind	526.8	518.1	382.7
WORLD	**Nov 6**	**Prev**	**Year ago**
Capital Int'l	236.3	234.7	190.1

COMMODITIES

(London)	Nov 7	Prev
Silver (spot fixing)	422.75p	423.05p
Copper (cash)	£949.50	£955.50
Coffee (Nov)	£1,874.00	£1,872.50
Oil (spot Arabian Light)	$27.80	$27.75

GOLD (per ounce)

	Nov 7	Prev
London	$322.75	$324.75
Zürich	$323.50	$324.50
Paris (fixing)	$324.87	$325.97
Luxembourg	$324.00	$325.00
New York (Dec)	$323.10	$325.50

CURRENCIES

(London)	U.S. DOLLAR Nov 7	U.S. DOLLAR Previous	STERLING Nov 7	STERLING Previous
$	–	–	1.4185	1.4365
DM	2.6265	2.599	3.725	3.7325
Yen	205.6	205.25	291.5	295.0
FFr	7.9975	7.92	11.345	11.3775
SFr	2.159	2.14	3.0625	3.075
Guilder	2.951	2.932	4.185	4.2125
Lira	1,764.0	1,755.0	2,502.0	2,521.0
BFr	52.9	52.6	75.05	75.55
C$	1.3748	1.377	1.951	1.977

INTEREST RATES

Euro-currencies (3-month offered rate)	Nov 6	Prev
£	11 11/16	11 9/16
SFr	4 3/16	4 3/16
DM	4 13/16	4 13/16
FFr	9½	9 9/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	8⅛	8 3/16
6-month U.S.$	8⅛	8 3/16
U.S. Fed Funds	8⅛*	8⅛
U.S. 3-month CDs	7.75*	7.8
U.S. 3-month T-bills	7.295*	7.255

U.S BONDS

Treasury		Nov 7* Price	Nov 7* Yield	Prev Price	Prev Yield
8⅞	1987	100 13/32	8.646	100 19/32	8.59
9⅝	1992	100 7/32	9.724	100 19/32	9.686
10½	1995	103 23/32	9.898	103 29/32	9.868
10⅝	2015	104 9/32	10.182	104 19/32	10.13

Treasury Index Maturity (years)	Return Index	Nov 7 Day's change	Yield	Day's change
1–30	131.70	+0.05	9.39	+0.00
1–10	129.82	+0.01	9.11	+0.00
1– 3	126.31	–0.02	8.60	+0.00
3– 5	131.46	+0.00	9.33	+0.00
15–30	138.33	+0.01	10.41	+0.00

Source: Merrill Lynch

Corporate	Nov 7* Price	Nov 7* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	101½	9.90	101½	9.90
3⅞ July 1990	83⅛	8.25	83⅛	8.25
8⅜ May 2000	86½	10.60	86½	10.60
Xerox				
10⅞ Mar 1993	101⅞	10.47	101⅞	10.47
Diamond Shamrock				
10⅜ May 1993	99	10.80	99	10.80
Federated Dept Stores				
10⅜ May 2013	95¼	11.20	95¼	11.20
Abbot Lab				
11.80 Feb 2013	103¼	11.30	103¼	11.30
Alcoa				
12¼ Dec 2012	103.00	11.75	103.00	11.75

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	79–03	79–15	78–24	79–00
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	92.91	93.00	92.89	92.94
Certificates of Deposit (IMM) $1m points of 100%				
Dec	92.27	92.37	92.26	92.30
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	91.97	92.07	91.97	92.02
20-year Notional Gilt £50,000 32nds of 100%				
Dec	111–28	112–15	111–24	112–13

* Latest available figures